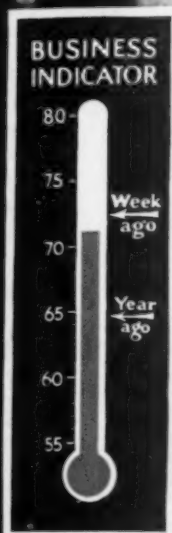


FEB. 15

1936

BUSINESS WEEK



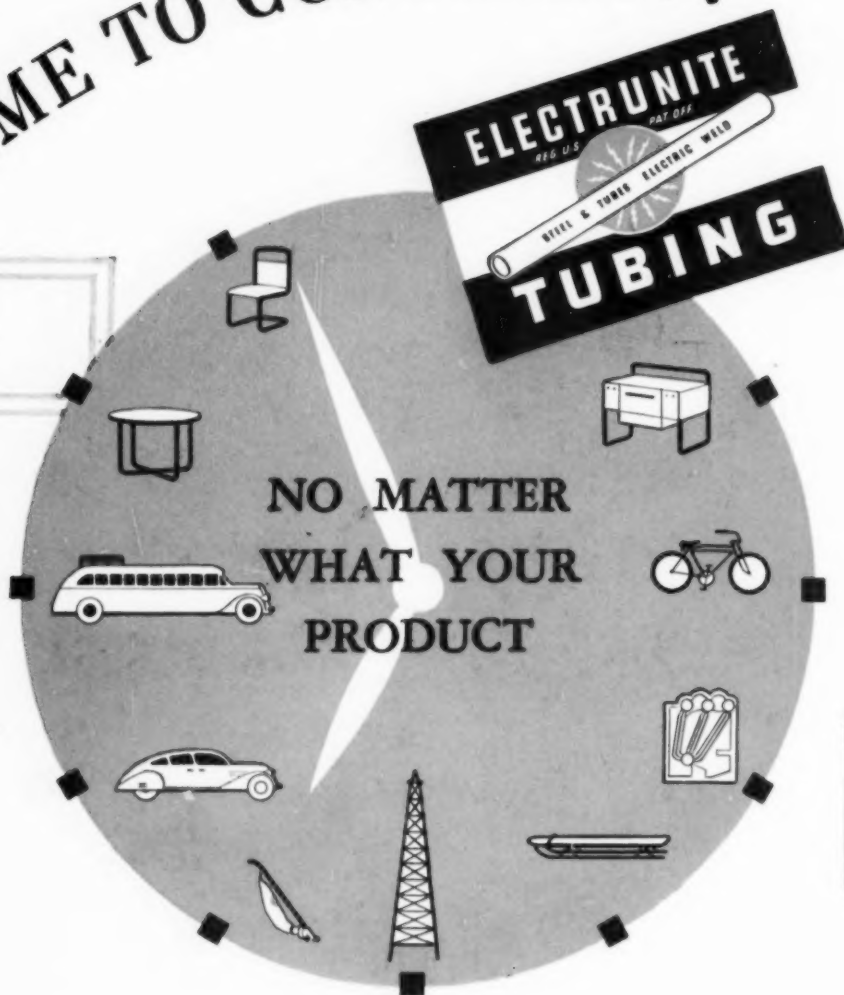
LABOR IN PERSON—These are the men who lead the drive for a 30-hour week, and back John L. Lewis' industrial union revolt against the American Federation of Labor.

McGRAW-HILL
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IT'S TIME TO CONSIDER...



Tubing, in most cases, is the strongest structural shape for the weight involved. Electrunit tubing is unsurpassed for fine surface and accuracy to size and gauge. It possesses great strength. Inside and outside surfaces are smooth and free from defects. These features make Electrunit the best tubing available for boiler and pressure work as well as mechanical and structural applications. • When you want to save weight—when you design or re-design for increased sales appeal—when tubular mechanical parts must be absolutely accurate—when you buy or re-tube a boiler or condenser—then it's time to consider seriously the many advantages of this better tubing made by electric resistance welding of cold-formed, flat-rolled steel.



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WORLD'S LARGEST PRODUCER OF ELECTRICALLY WELDED TUBING
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BUSINESS WEEK

Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Advocates of soak-corporation tax program are gaining ground as Congress worries over revenue and farm problems. Latest plan is to raise \$500,000,000 to finance the farm act that will replace AAA. Half the money would be raised through new taxes on corporations, half through excises of the processing-tax kind. These will only be around one-third as high as processing taxes were, but will be imposed on many more commodities, including some competing ones, like rayon.

While collecting more taxes, Roosevelt plans to save by spending much less on PWA-type projects, more on WPA type. Latter makes more employment per dollar. By such economies, he hopes to save \$100,000,000, the estimated additional cost of the bonus. Doesn't figure sinking-fund cost on bonus, but neither have previous Administrations since original passage in 1925.

Safest Politically

Plan for higher corporation taxes is strong because congressmen up for reelection are afraid to put heavy tax on market basket and clothing. By increasing corporation taxes, they can keep the new commodity taxes low.

President's Idea, Too

Roosevelt always favored such a plan. He wanted heavier corporation income taxes than he proposed last year, and far heavier than Congress voted. Administration tax experts, however, favored saving this move till after election, fearing it might stunt business revival.

Chain Lightning

Senate may find chain-store legislation too hot to handle in present "short" session. When judiciary committee favorably reported Patman-Robinson bill at request of powerful Joe Robinson, it supposed the bill only hit large drug and grocery chains. Overlooked effect on whole distribution setup, which House is just beginning to perceive. Protests may pile up, averting consideration of bill this session.

Berry's Next Move

Next move of George L. Berry's Industrial Council is tentatively scheduled for end of February, when committee reports will be received and acted on by whole membership. The most ambitious—and ominous—topic to be reported on is, "National Industrial Policy."

Hope for Radio?

Supreme Court having sustained free press against punitive tax attack in

PROTECTIONISTS

Government agencies are nailing down every possible dollar that President would like to divert to WPA relief program in his new economy drive. PWA even hints sponsors of its projects will protect allotments by court action if necessary.

Louisiana, wonder is being expressed if radio could obtain greater freedom from fear of politically motivated governmental pressure. More courage for broadcasters?

Odds Against Cotton Ed

For once it would appear that Cotton Ed (Sen. Ellison D. Smith, of South Carolina) is not going to have his way about a cotton proposal. Indications are government pool will be allowed discretion in disposing of 6,000,000 bales in government possession or control. Smith wants Congress to order regular schedule of sales.

No Trespassing Allowed

Truckers who drum up orders along their routes and carry them to wholesalers had better watch out for Uncle Sam. Such orders fall in legal definition of "letter mail," on which Postoffice has monopoly. And Postmaster Jim wants that revenue. There's a limit to what can be done with trick budgets to show a profit, and stamp sales help like everything.

For Separate Hangings

Apparently hoping that the three PWA-backed Nebraska power projects hang themselves separately, utilities object to their hanging together in marketing power, as Washington wanted. Restraining order agreed to by both sides permits work to proceed along original plans but forbids proposed transmission grid, at least until case is brought up on merits Apr. 20.

Consumer Unit's Money

A WPA fund of \$300,000 is running Consumers' Division of Labor Department, which was formed from old NRA consumers' board and transferred, but with no appropriation accompanying it. The WPA route was simpler than pushing appropriation through Congress.

Nye Loses

Far greater expenditures for army and navy, especially aviation, seem assured. Munitions investigation has been more than offset by Senate Foreign Relations Chairman Pittman's Japanese war scare, and House Military Chairman McSwain's insistence on 4,000 army planes for 1938. Nye's betting average: failed to smear Morgan, spanked for trying to smear Wilson, fails to muzzle Pittman.

Averting the Ax

The logical candidates for economy ax on PWA list would seem to be municipal electric plants. They fit specification that the projects lopped off must be those that work has not actually started on. Answer: because utilities tied them up with injunctions. Prediction: Roosevelt will save them.

Impound Security Taxes?

Corporation lawyers are figuring out ways of getting courts to do to social security taxes what they did to processing taxes—impound them. Most of the lawyers think social security will be thrown out by Supreme Court and they don't intend to have their clients caught like the processors, who paid AAA taxes that can't be recovered, however illegal. First federal tax collection is due next January, but some states are already collecting.

Selassie's Secret Hoards

Washington hears that Mussolini is worried by Ethiopian imports of bullets and small arms. Not sold on credit. Haile Selassie digs down into secret hoards of gold and silver.

From Both Sides

Utah, only state outside South that supported New Deal in *Literary Digest's* poll, sees its Senator King call new farm plan unconstitutional. Massachusetts, strongest anti state in same poll, sees its Senator Walsh attack New Deal as causing higher prices to consumers and inflation.

Tips and Tips on TVA

Some of the dopesters and tipsters about the TVA decision must be right. Only possibility so far unpredicted is unanimous decision. Court would hardly go that far, but it certainly has upset all dope so far on when.

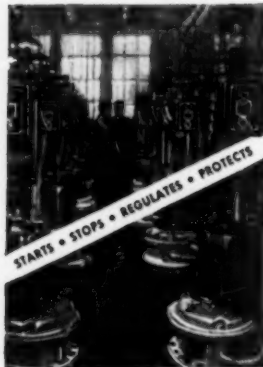
TRY IT...

IF YOU THINK IT'S EASY

Even a six year old boy can push a billiard cue. It's easy. But to make the ball do what it should . . . to score . . . that is decidedly another story. It takes skill—just another name for control. Electric motors act just like billiard balls. When you start them they'll go . . . somewhere. They'll do something. But they'll never do what you want unless they are under expert control. Because Motor Control is so important, more and more plants rigidly specify Cutler-Hammer. They, thus, not only insure speedier operations, production savings, but reliable protection for men, motors and machines. Nothing costs quite so little as Motor Control in relation to the investment and earnings it affects. Many outstanding machine builders feature Cutler-Hammer Motor Control in their designs. A host of independent wholesalers stock it exclusively. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1275 St. Paul Avenue, Milwaukee, Wisconsin.

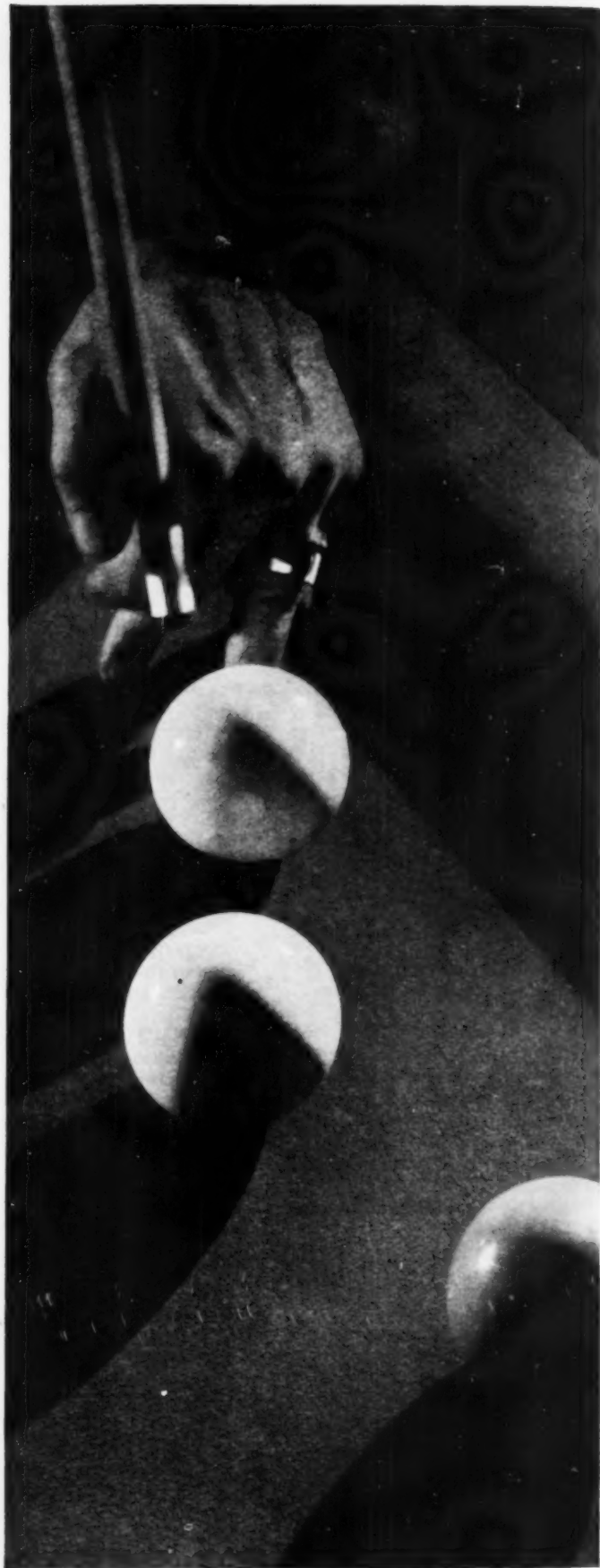


CUTLER-HAMMER MOTOR CONTROL



From the Mighty to the Midget

Cutler-Hammer Motor Control starts, stops, regulates and protects electric motors of every size and description. The huge gate controls of the famous Welland Canal locks and the cold control on your own household refrigerator are probably brothers . . . products of Cutler-Hammer



BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
BUSINESS WEEK INDEX	*71.2	†72.1	†73.3	64.7	65.0
PRODUCTION					
★ Steel Ingot Operation (% of capacity)	52.0	50.0	49.4	50.8	37.3
★ Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$8,236	\$8,388	\$10,754	\$4,035	\$5,623
★ Bituminous Coal (daily average, 1,000 tons)	*1,483	†1,378	1,610	1,444	1,215
★ Electric Power (million kw.-hr.)	1,952	1,963	1,971	1,764	1,633
TRADE					
Total Carloadings (daily average, 1,000 cars)	104	97	99	99	97
★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	60	59	59	61	62
★ Check payments (outside N. Y. City, millions)	\$4,102	\$3,584	\$4,677	\$3,451	\$3,476
★ Money in Circulation (daily average, millions)	\$5,755	\$5,713	\$5,706	\$5,423	\$5,286
PRICES (Average for the Week)					
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.10	\$1.11	\$1.15	\$.98	\$.70
Cotton (middling, New York, lb.)	11.60¢	11.64¢	11.91¢	12.58¢	9.73¢
Iron and Steel (Steel composite, ton)	\$33.44	\$33.40	\$33.33	\$32.56	\$30.54
Copper (electrolytic, Connecticut Valley basis, lb.)	9.250¢	9.250¢	9.250¢	9.000¢	7.558¢
All Commodities (Fisher's Index, 1926 = 100)	83.5	84.0	84.4	81.7	70.2
FINANCE					
Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,493	\$2,484	\$2,482	\$2,466	\$1,988
Total Loans and Investments, Fed. Res. rep't'g member banks (millions)	\$21,023	\$20,995	\$20,834	\$19,470	\$19,765
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,851	\$4,871	\$4,933	\$4,888	\$6,273
Security Loans, Federal Reserve reporting member banks (millions)	\$3,126	\$3,128	\$3,191	\$3,100	\$4,793
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,062	\$1,064	\$1,112	\$864	\$990
Stock Prices (average 100 stocks, <i>Herald-Tribune</i>)	\$116.92	\$116.17	\$114.20	\$97.09	\$102.80
Bond Prices (Dow, Jones, average 40 bonds)	\$101.97	\$101.38	\$100.40	\$96.47	\$88.48
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	1%	1.4%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1%	1%	2.0%
Business Failures (Dun and Bradstreet, number)	209	220	266	263	528

★ Factor in Business Week Index *Preliminary † Revised

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Business Week

Burroughs

NEW MACHINES for recording the payroll and earnings information required by the SOCIAL SECURITY ACT

As employers face the responsibility of maintaining more adequate payroll and earnings records for each employee in order to meet the requirements of the Federal Social Security Act and related legislation, they will be interested in recent Burroughs machine developments.

Large and small employers alike are finding that these developments in the complete line of Burroughs bookkeeping and accounting machines enable them to select the exact equipment they need to handle their payroll records with greater speed, ease and economy.

If you have not already done so, it will pay you to investigate—to find out how Burroughs can assist you to meet your payroll and earnings records problem with the minimum change

in equipment, and at the lowest possible accounting cost. Telephone the local Burroughs office. Or, if more convenient, mail the coupon below.

**MAIL
THIS COUPON
TODAY**

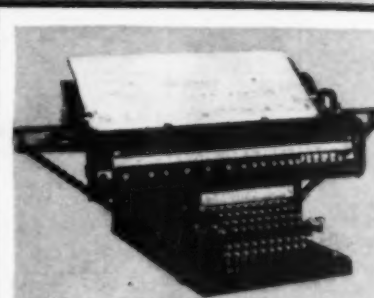
BURROUGHS ADDING MACHINE CO.
6132 Second Blvd., Detroit, Michigan

I should like complete information on:

☐ Burroughs Typewriter Payroll Accounting Machine; ☐ Burroughs Desk Bookkeeping Machine; ☐ Burroughs Electric Carriage Check-Writing Typewriter; ☐ Burroughs Automatic Payroll Machine.

Name _____

Address _____



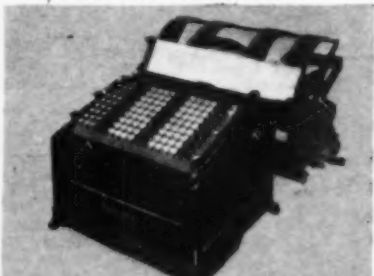
Burroughs Typewriter Payroll Accounting Machine writes check, earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated.



Burroughs Desk Bookkeeping Machine posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay.



Burroughs Electric Carriage Check-Writing Typewriter writes payroll checks either in units or in strips. Payroll summary completed at same operation. Fast and easy insertion and removal of checks.



Burroughs Automatic Payroll Machine writes check, employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals, automatically ejects and stacks checks in order.

The Business Outlook

AN old-fashioned winter may be all right for coal, fuel oil, electric power, gas, and railroad transportation, but it's getting to be a bit tiresome to the fellows making a living by selling cars, or producing them. And while retailers have been pleased to clear shelves of winter goods, they have been hard put to know what to do about ordering spring goods. Most of them have been cautious. At the same time, store executives have been cheered up by the way the public takes hold of merchandise whenever the weather permits. The *Business Week* index for the first week of February continues to explore the region about 71% of normal, but should take an upward turn before long.

Department Stores Gain

When all complaints have been aired about the prolonged cold weather, the January records aren't bad. Department store sales ran 7% ahead of last year for the country as a whole, and several regions surpassed the national average. Steel production was at a better rate than the weekly records disclosed, and is now headed upward. Motor production and sales compared favorably with some of the best years on record. Employment in factories probably showed no more than the usual seasonal decline. Nearly twice as many telephones were installed last month as a year ago.

Falls Below Peak

Construction in 37 states fell 23% below the unusual December peak, which represented a new high in the recovery. But it was 105% better than a year ago, with non-residential construction booming 175% ahead of a year ago as many companies added new factories or modernized old ones. Residential contracts finished the month 67% ahead of January, 1935.

Construction Costs Are Up

Construction costs took a jump in January, and continued rising in February after the signing of new contracts for labor, and two successive increases in wholesale lumber prices. *Engineering News-Record's* index rose to 201.2% of the 1913 average early this month, compared with 199.5% in January, and 194.9% in December. Brick manufacturers in the important Hudson River district raised prices \$1 a thousand, following a substantial increase in sales.

McCarl Jolts Low Rents

The Public Works Administration was again rebuffed by Comptroller General McCarl. Administrator Ickes had taken the precaution

BOOM IN PREMIUMS

The merchandise premium business has gained sharply since the death of the NRA. Last year's business amounted to \$350,000,000, while 1936 is conservatively placed at \$400,000,000. Prominent buyers in the market now for spring and summer campaigns include food, soap, tobacco, brewery, and home equipment firms.

of asking if any legal obstacle prevented his setting rents for the Atlanta projects on the basis of 55% of their cost, the rest being an outright grant. Mr. McCarl ruled that the law did not permit a government official to give away or remit a claim due the government, and so rents would have to be based on the full cost.

Now Must Ask Congress

Housing officials will now have to get congressional permission if low rents are to be provided for 10 projects in Atlanta, Cleveland, Indianapolis, Chicago, Detroit, Evansville, Ind., and Schenectady. All are financed out of the old NIRA funds. Even the rest of the 50 projects may be in need of enabling legislation (*BW—Jan 4 '36, p.24*).

Loans on Used Cars

To help the small automobile dealer, whose capital may be badly tied up after he gets a few used cars on his hands, Commercial Investment Trust is providing a new financing service. Loans will be based on a percentage of the official blue book value of each trade-in. Facilities for financing the sale of used cars of recent vintage on terms approximating the newly established rates for new cars are also provided.

All Except Ford

Motor assemblies by all companies except Ford last month numbered 276,350 units, 35% ahead of a year ago, but 14% under December. For these companies, this was the best January on record, but it is doubtful

whether the addition of the Ford assemblies will lift the January total above the 422,538 of January, 1929. February will fall below January, and March will show a substantial gain.

190,000 Cars Sold

Estimates of new passenger car sales for January run to 190,000, which number exceeds every other January on record except 1926, when sales reached 193,748, and 1929, when they reached 219,760. December, 1935, sales to consumers were 237,194. General Motors sales to consumers in the United States last month were 89% better than a year ago, though the expected dip from December levels caused a drop in production. A good spring season is confidently expected. Detroit should soon add its weight to the steel-buying movement, thus substantially increasing the steel operating-rate.

Chrysler's New Peak

Though Ford surpassed all competitors in the number of passenger cars and trucks sold last year, capturing 30% of the passenger market in the United States and more than 36% of the truck market, the Chrysler Corp. set a new peak in both its sales volume and its earnings, surpassing 1929 by a wide margin.

Railroads Earn More

Railroads, too, are beginning to buy black ink again after three years of deficits. The net operating income in 1935 for 145 Class I roads passed the \$500,000,000 mark for the first time since 1931. If other income and fixed charges are about what they were in recent years, the railroads may show the first net income in four years — approximating \$20,000,000, as compared with the 1934 deficit of \$16,887,000.

Dallas District Leads

Department store trade in the Dallas district in January ran 15% ahead of last year, making the best gain of any of the 12 Federal Reserve regions. Richmond followed with 11%, Atlanta with 10%. To the surprise of many, the industrial Eastern sections rank next in line, New York showing a 9% gain, Boston 8%. Chain and mail-order houses also show moderate gains over a year ago.

Weather Hurts Machine Tools

Machine-tool distributors said that early February sales lagged a bit from January levels, chiefly because the cold weather interrupted deliveries and slowed up the activity of consumers. The increase in lathe prices scheduled for Feb. 10 was postponed to Feb. 15.



Make it Sing!

A Command Worth Millions to Advertisers

Today's advertisement can't waste time.

It must catch the reader on the run—or miss him altogether. It must overcome, first, his natural inertia in reading advertisements at all. Then it must compete for attention with the mass of all other advertising.

It must compete, next, with his natural and lively interest in the swift-running drama of world events.

Here is competition, indeed, for the story of your automobile, your breakfast food, your dentifrice! What are its chances, in reader interest, with Mussolini, England, Japan, the New Deal?

Your Advertisement Can Compete!

How, then, to create an advertisement that holds its own in such brilliant company? How to give it qualities of arresting reader interest and "news excitement" that will win a hearing for your sales message?

To these questions, we answer—"Make it sing!"

To us, "Make it sing!" sums up certain basic essentials—certain "musts"—which 63 years of putting salesmanship into print have taught us to observe.

These are the Three Basic "Musts"

First among these "musts" is a strong central selling idea, that instantly arrests the self-interest of the reader. One which "gives the reader, in a compelling way, the Reason-Why it is in his interest to buy your wares."

Lord & Thomas so defined the basic principle of salesmanship-in-print 30 years ago. Since that time, no better definition has challenged it.

Second: The advertising must be given news. It must have drama, enticement, *universal interest*. Finding the news in a product which appeals to the millions,

instead of the thousands, marks the difference between advertising that merely "pays" and advertising that wins and holds great markets.

Third: The advertising must be molded into a final and compact form—clothed in copy that *sings*. The central Reason-Why must be compressed into the swift language of instant understanding—*excitingly*—with deep-felt conviction and sincerity.

To realize all the fruits of successful advertising, the final and invariable commandment is—"Make it sing!"

Reasons-Why—more than mere Slogans

Such dynamic Reason-Why imprints transcend mere slogans. For they carry a lasting impact *not* in a single line, but through the *structure as a whole*. Headline, copy, illustration—they are knit together into the unity of a live, compelling advertisement. A unity which forever avoids the inevitable monotony of sloganeering.

In the hands of talented men, Reason-Why advertising lends itself to an infinite variety and freshness. Ever renewed and invigorated by trained imagination, it drives unceasingly toward leadership and profit.

The Song that Sells in Millions

Today, more than ever, Lord and Thomas advertising reflects these basic qualities of dynamic urge and compelling interest. Today, more than ever, true salesmanship-in-print proves its vital power to attract, convince—and *sell*. It gauges its competition with the calm judgment of experience, the confidence of conviction. It knows *what* it can do—and *how* to do it.

"Make it sing!" is the song of salesmanship that never grows old—it continues to win millions in profits for clients of Lord & Thomas.

LORD & THOMAS • *advertising*

There are Lord & Thomas offices in New York; Chicago; Los Angeles; San Francisco; Toronto; Paris; London. Each office is a complete advertising agency, self-contained; collaborating with other Lord & Thomas offices to the client's interest.

BUSINESS WEEK

FEBRUARY 15, 1936

Crackdown Or More Freedom?

In Congress and the Supreme Court, business fights for a legal right to regulate prices. But a new anti-trust law may prove too hot to handle this session.

Industry's fight to manage its own price machinery was in the spotlight this week.

While trade associations closely watched the intricate Washington maneuvers revolving around the half dozen bills to amend the Clayton act, they kept one eye on the Supreme Court, where the anti-trust case against the Sugar Institute is pending.

Not only will the court's action in that suit furnish trade groups with the first definite clue to what they can do about setting up voluntary NRAs without running afoul of the existing anti-trust acts, but it may well have an important effect on congressional action in amending those acts.

A Common Objective

What the sugar refiners attempted to do through their institute, and what independent distributors, led by food brokers and wholesalers, hope to accomplish by new legislation, is essentially the same thing: elimination of unearned discounts, commissions, rebates, allowances, and other trade abuses affecting the price situation.

The impetus for the two moves, however, has come from different sources. Sugar refiners deal in a common commodity; all sugar is pretty much alike. As long as a buyer can play one refiner against another for the most favorable concession, the whole price structure is seriously affected. In the food and

drug field, where the price-control theme is so dominant today, manufacturers cannot be subjected to such concerted pressure, because they deal in branded merchandise, for which advertising creates different demands.

Protest Chain Advantages

Hence, in the current drive, it is the small distributors, angered by the concessions which chains and other big buyers can command on their volume purchases, who are carrying the ball. Individual manufacturers, selling to both big and little dealers, run interference only as far as discretion dictates.

To these industries, no less than to the refiners and other advocates of open price-filing, the Supreme Court's action in the sugar case is critical, for it will demonstrate how far the Clayton act may be stretched to accommodate present needs for trade cooperation, and how radically it may be amended and stay within constitutional boundaries.

The nine justices will pass on the famous decree of United States Circuit Judge Julian W. Mack, handed down two years ago (*BW—Mar 17 '34, p16*). His opinion ran to 90,000 words and covered 250 separate findings, embracing almost every phase of cooperative activity in trade associations.

When the Sugar Institute was set up in 1928 by 95% of the industry, it sought only one privilege—to make its posted price policy work by forbidding

all kickbacks and agreeing to eliminate all favors and special services which amounted to price differentials. That is the gist of the institute's appeal now to the Supreme Court.

In that appeal it is joined by associations of the lumber, window-glass, and textile trades, as well as the Consumers' Goods Industries Committee. The entrance of these groups into the case last week as friends of the court indicates how far the ultimate decision transcends in importance the fate of the Sugar Institute.

The brief filed by these interests asked the court, regardless of its action on particular disputed questions, to recognize and express "the fundamental importance of dealing with destructive, discriminatory, and wasteful competitive practices" and, in order to preserve the fundamentals of effective competition, to permit "wide latitude for an industry to deal with such practices."

House Hearings Well Attended

Meanwhile, last week before Rep. Utterback's House Judiciary subcommittee, many similar sentiments were sounded at public hearings on the proposed Clayton act amendments. On hand to testify were not only the militant food and drug interests but representatives of other industries, ranging from shoe and textile manufacturers to producers of wood-working power tools.

This week, when the committee met to review the testimony, they had a wide diversity of opinion to encompass. There was general agreement on the desirability of such legislation, but the fact that no one seemed wholly satisfied with any particular bill suggested that some of the endorsements might have been of the tongue-in-check variety.

During the week, pressure to force the



STILL CHALLENGING THE CHAINS—Rep. Wright Patman (with book) and his fellow committee members, Reps. Donald H. McLean and Scott W. Lucas (left) and Gerald J. Boileau

(right), this week resumed their well-publicized probe of chain stores' buying advantages which has built up powerful pressure for some Clayton act amendment this session.

Harris & Ewing

Patman-Robinson bill back into the Senate Judiciary Committee, which had reported it out without hearings, continued to pile up. As reported, the bill contains a provision which would empower the Federal Trade Commission to establish limits on quantity discounts "when available purchasers are so few as to render differentials unjustly discriminatory." This provision Rep. Patman had eliminated, presumably because he considered it unconstitutional.

Despite the lack of unanimous support for any of the six bills, hopes for some new Clayton act this session are still being widely entertained, although, as Sen. Robinson discovered, the subject may prove too hot for convenient handling.

Sugar Is Sweet

Industry does well despite sharp competition among refiners, for which Taussig offers remedy.

THE sugar industry is doing well. Its prosperity is not suffering at present because of the Sugar Institute anti-trust case.

Except for the severe competition between American refiners, conditions in the industry have seldom been sweeter since the early 1800's, when beet sugar entered the situation and started the long fight between Europe, with its beets, and tropical countries, with their cane.

International agreements have been made and broken ever since 1864, the latest successful one being the convention of 1902, which held producing areas fairly well in line until the war.

Exploitation of Cuban and other tropical production during the period when Europe couldn't raise beets, and sugar demanded fabulous prices, then upset things. When the Chadburne Agreement got other leading producers back in line again in 1931, the United States and its insular possessions brought on more troubles by expanding more than the others could curtail.

Stabilization Hopes Grow

But with the almost two years of successful operation of the Jones-Costigan Act, which controls United States production, allots imports, and permits lower tariffs, there are high hopes that better conditions may soon prevail in world sugar affairs.

And among domestic refiners there is one who thinks he has a solution for the competitive difficulties, irrespective of what the Supreme Court decides about the institute.

Charles W. Taussig, chairman of the board of Sucrest Corp., who has a brand-new refinery scheduled to get into production in March, has undertaken a single-handed trade reform which he thinks would eliminate any necessity for regulation of competition.

He simply cut out secret rebates, price guarantees, quantity discounts, freight absorptions, etc., and quoted sugar 0.45¢ per lb., below the quoted market.

That price, he said, was what the other refineries were getting after miscellaneous kick-backs.

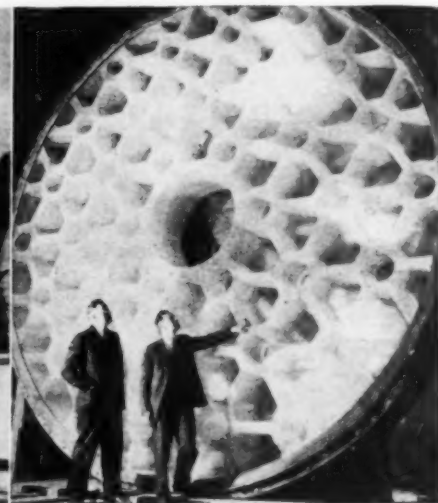
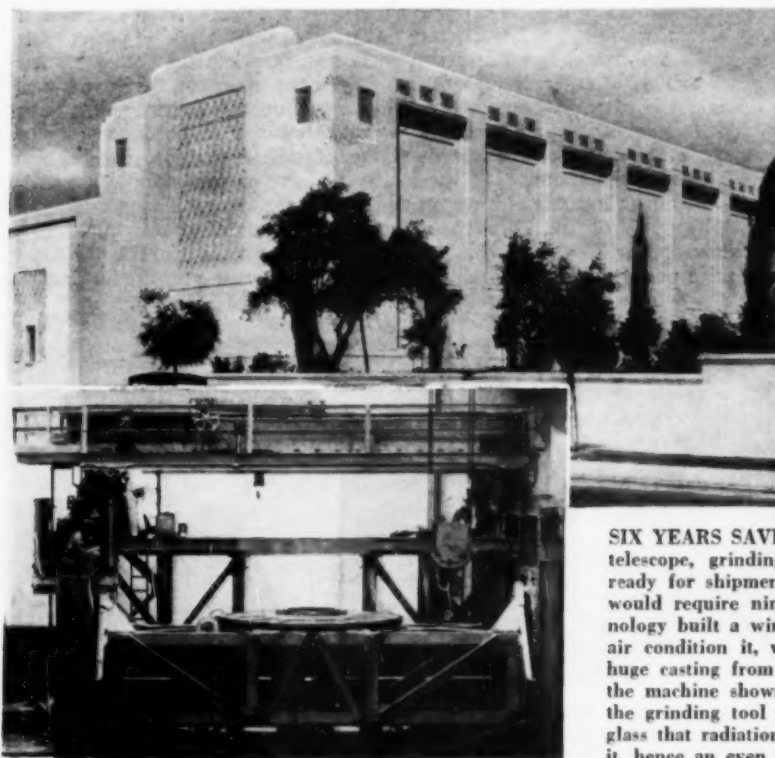
Mr. Taussig is president of the American Molasses Co., not Cuban American Sugar Co., as was stated in our Feb. 1 issue. American Molasses, parent of Sucrest Corp., sold its interest in the blackstrap business in 1929 under conditions that prohibit the company or Mr. Taussig from reentering that field before 1939.

Sucrest is the first Taussig venture into actual refining. Its Brooklyn refinery is the first built in the United States since 1924. (In 1926 the American Sugar Refining Co. rebuilt a Brooklyn plant originally built in 1865.)

Explaining his construction of new capacity, despite an existing 40% surplus capacity in the industry, Mr. Taussig confidently says he will be able to meet price competition because there have been great technological improvements in refinery operations in the past 10 years. New wrinkles have cut the cost of construction to one-third of the old scale and eliminated the former advantages of big plants, he declares.

Refining Cost Standard

Older heads in the business think he is wrong. Sugar refining, they say, is nothing but laundering dirty and impure raw sugar; operating costs, and loss of weight, require a differential of about 1.1¢ per lb. between the selling price for refined sugar and cost of the raw. Hence in a new operation it is simple mathematics to add 1.1¢ to the



SIX YEARS SAVED—One step in making the world's largest telescope, grinding and polishing the 200-inch mirror now ready for shipment (with its back turned, above) ordinarily would require nine years. But California Institute of Technology built a windowless building, had B. F. Sturtevant Co. air condition it, will complete the job in three years. The huge casting from Corning Glass Works will be mounted on the machine shown at left, which will rotate it slowly while the grinding tool moves over its surface. So sensitive is the glass that radiation from walls or other sources would distort it, hence an even temperature must be maintained.



PUT THE BREAD IN THE ICEBOX—A way to keep bread and cake fresh is announced by American Association of Cereal Chemists—air-conditioned refrigerators. Made by Potter Manufacturing Co. of Buffalo, the refrigerator uses a finned coil which does not form frost, to keep the food compartments at even temperature. Another department, completely insulated, will make ice just as any electric refrigerator. It is claimed that bread and cakes will be fresh for weeks, if kept at a temperature of 40 to 50 degrees.

price of raws as they are bought and sell refined against them.

But veterans insist that the peculiar "moves" of the refined sugar market can upset the most careful calculations. Refined sugar doesn't sell every day. In fact, all business is likely to be concentrated in about 12 days, scattered irregularly through the year.

A refiner operates on a "prevailing" price but does not selling until there is a price move. Buyers are always informed of an intended price advance and take up their requirements before it goes into effect. There are no sales at the new price until there is another "move."

Hence, the trade prediction is that the Sucrest Corp. will watch its inventory pile up some time ahead of a "move," realize that it must meet a new low price or go through another saleless period—and do just as the rest—grant any necessary concession.

U.S. Steel News

Magazine for employees marks another step in Big Steel's management modernization drive.

UNITED STATES STEEL CORP. is about to take another step in its recently announced program of management and plant modernization (*BW*—Sep 28 '35, p 9). If it looks like a small step, it is nevertheless one of large significance—as anyone in steel can tell you.

Last week it was decided, after 35

years of silence, to bring out, probably on Apr. 1, *The United States Steel Corporation News*, circulation 258,000 and some changing hundreds, for monthly distribution to all employees of the largest single unified group of persons working for a single business entity in all the world.

Editor of Big Steel's new "house organ" will be Gilbert L. Lacher, for the last five years managing editor of *Iron Age*, just resigned expressly, and now in office at 71 Broadway, home and headquarters of Big Steel. A committee of five persons will act as supervisor of the news and views expressed. They will represent their own professional sociological division of management, known upon the company's roster as Industrial Relations. Vice-President Arthur H. Young heads this recent and important division of the corporation.

New G.H.Q. Offices

Along with this outward sign of the policy-making that is going on at Big Steel's headquarters in New York's old Empire (not Empire State) Building are others which, in their way, are equally indicative of change. For instance, there are new offices on the twentieth floor, which was refitted to replace the seventeenth, preferred by the Gary, Schwab, Corey, Farrell, and Filbert dynasties.

Floor 20, where reporters will henceforth congregate on dividend meeting days, has been done over, but in fresh, sweet-smelling pine of Norway, not in steel. Only the doors are mahogany.

The furniture of the long but low

board-room is still the ancient Grand Rapids collection of the fundamental Federal Steel Co., which Judge Gary had brought in box cars from Chicago in 1901 when he had just put together the first trust of trusts. There is a big sprawling F S C in clumsy interlacing on the back of each one of the even dozen castored chairs. The table is as quaint as ever, with twice as many legs as it needs, and with a worn inlay of once-green cloth.

The Names Remain

In the adjoining dining-hall, whose straddling pantries and kitchens are air-conditioned and sound-proofed off, the 40 executive dietary chairs still bear on their upper back rims the copper nameplates. Some of these names and fames are dead, some of them are retired for age, some resigned for health or wealth.

But there is one brand-new copper name-plate on a newish chair, of another if not exactly a discordant model. It is the chair at the left of Mr. Taylor's chair. It bears the name of Edward R. Stettinius, Jr. (without the R.). And succession to the Filbertian chairmanship of U. S. Steel's finance committee by its 35-year-old former vice-chairman, previously industrial and public relations manager of General Motors Corp. (*BW*—Dec 21 '35, p 38), is itself a highly significant outward and visible sign of the great modernization program.

Battled in Bond

New FAA rule forbids labeling foreign liquor as bonded. Canada and England may protest.

LIQUOR importers received a jolt, in examining the Federal Alcohol Administration's new regulations, which mars their enjoyment of low prices and high sales resulting from the 50% tariff cut on Canadian and British wet goods. After Mar. 1 whisky cannot be labeled or advertised as bonded unless bottled under the United States bonding act.

Treasury officials inserted the provision "for consumer protection" after the FAA approved other rules. They insist that it was their own idea, but importers wonder if the suggestion wasn't slipped slyly in by domestic producers. American distillers are preparing to capitalize their advantage by heavily advertising their bonded wares.

The reason given for the provision is the comparative laxity of foreign bonding technique. American "bottled in bond" whisky must be four years old, 100 proof, unadulterated straight liquor, and bottled under federal supervision. In Canada, two years is the minimum bonding age, 90 proof is allowed, and neutral spirits may be added. England allows a minimum age of three years. All Scotch is blended, and runs around

86 proof. Cuban bonding regulations (on rum) are also less severe than those of the United States.

Thousands of cases of labeled whiskies and rum already in American warehouses are vitally affected. Relabeling or reshipping would involve great expense.

Importers depreciate the importance of the rule, because bonded whiskies are a small percentage of all those sold. Britain and Canada are said to plan protests. Canada's position will be that the rule violates the reciprocal trade agreement, which pledged each country against actions affecting the expected results of the treaty.

Some importers say that the strip stamps over Canadian corks, which say "bottled in bond," cannot be affected, since Canadian law requires them on export whisky. The Treasury retorts that this stamp is optional and will therefore be prohibited. And the Treasury intends to stand pat. Application of the regulations may be deferred because American officials doubt their ability to finish all details by the Mar. 1 deadline.

Prof. for Prof.

Ayres takes over Hamilton's job as guardian of consumers' interest and publisher of *The Consumer*.

HOPES that the Administration is letting up on its emphasis on consumers' welfare, arising from the change of Prof. Walton Hamilton from his post as Advisor to the President on Consumer Problems, and the reports that his former organization, now the Consumers Division of the Department of Labor, would wither from lack of funds, are doomed to disappointment.

Prof. Hamilton is now in charge of the Bureau of Research and Statistics of the Social Security Board; a job which, according to his friends, has more appeal to him than his former work of discovering and publicizing consumers' problems. A professor of social law at Yale, on extended leave, Prof. Hamilton was persuaded to take his new position by John G. Winant, chairman of the Social Security Board. The two men are close friends.

Picked by Hamilton

Before Prof. Hamilton left the Consumers' Division, which he had headed since shortly after the death of NRA, he named his successor, Clarence E. Ayres, who comes from a position as professor of economics at the University of Texas to take over the job of publishing *The Consumer*.

Prof. Ayres, who was born in Lowell, Mass. in 1891, is widely known as a teacher and writer. He has been associate editor of *The New Republic* and

has taught at the University of Chicago, Ohio State, and the University of Wisconsin.

He worked for a short time with Prof. Hamilton during the organization of the Consumers' Division, but had to leave to go back to the University of Texas. Prof. Hamilton has praised his colleague's knowledge of consumer problems and is reported to have stated that his successor has a friendly attitude toward business.

Business men will be better able to



HE CAME BACK—Prof. Clarence Ayres left the Administration to return to the University of Texas, but came back. He is the new director of the Consumers' Division of the Department of Labor.

pass on the latter description when Prof. Ayres releases his automobile price study, a work originally undertaken by the NRA Consumers Advisory Board, which he has brought up to date. The report is said to be finished and it is generally expected that it will be released soon.

The Administration had to do quite a bit of worrying to continue the Consumers' Division. It was originally a part of the dying NRA, using funds from that agency. When NRA died completely, it was transferred to the Department of Labor, but no provision was made for money for it. Rather than ask for its continuance through a regular congressional appropriation, where there might be some dissent, the Administration got the division a WPA project fund of \$300,000 to continue it until July 1, 1937.

Selling Purity

Dr. Wynne launches plan to win customers with product guarantees. But advertising men wonder.

THIS week, more than a thousand manufacturers and advertising agents received a brief, formal, four-page announcement of the establishment of the Shirley W. Wynne Public Health Laboratories, Inc.—"a service to create a better understanding between manufacturers and the consuming public." Dr. Wynne is a former health commissioner of New York City. Boiled down to its essentials, this is his plan:

Seven Tests and \$5,000

Products submitted to the Public Health Laboratories will be tested for purity, wholesomeness, quality, reliability, sanitary production, safe packaging, and value. In addition, the ethics of their manufacturers will be investigated by means of a nine-page questionnaire. Products which survive this ordeal will, in consideration of the payment of \$5,000, be entitled to display on their packages and in their advertising the Wynne seal of endorsement.

Cigarettes and liquor will be included among the eligibles, though restrictions will be more severe and fees higher.

Twenty of the purest, non-competitive products will be chosen, in consideration of another \$23,000 payment, for participation in Dr. Wynne's newspaper and magazine promotion campaign. He will buy half an hour on a local radio station once a week for 40 weeks and full-page space in two New York City newspapers once a week for a full year. The campaign, scheduled to begin March 1, will plug all endorsed products collectively, the 20 elect products individually.

"Wynne Weeks" in retail stores and other dealer tie-ins will round out the picture. If things go well, the drive will become national in the fall.

Consumers Research Exposé

A book "exposing" Consumers' Research, prepared by Dr. Wynne's organization with the cooperation of 200 manufacturers, is expected to help build up popular appreciation of the authority and impartiality of his findings. According to reports it is scheduled for summer publication.

Advertising men wonder who is behind the setup. Rumors which revolve around a well-known agency man are unsatisfying, particularly as no list of clients, actual or prospective, has been forthcoming from Dr. Wynne. Release of that list, which might give a hint about the power back of the plan, will be delayed a few days yet.

Next they wonder what the public reaction will be to the plan when the increasingly vociferous left-wing press starts gunning for it.

Advertising Pays—a Cent More

Supreme Court sustains price-differential in favor of un-advertised milk—but there are ways to skim the cream. Louisiana newspaper tax knocked out.

UNDER any lawful price-fixing plan, such as the New York milk control act, distributors of well-advertised brands may constitutionally be compelled to sell their products at a higher price than that established for less well-known brands, if a differential of this kind had previously existed in normal commerce.

Such was the decision of the Supreme Court this week in the embattled Borden case, which was begun almost two years ago, traveled up to the Supreme Court once before, was remanded to the lower courts because of insufficient evidence, and has accumulated throughout its history a record set of conflicting decisions (BW—Jun 29 '35, p 10; Jul 13 '35, p 11).

The court was divided, five to four. Justice McReynolds in his dissenting opinion, with Justices Van Devanter, Sutherland, and Butler concurring, branded the law as a piece of "rank discrimination."

Hughes' Words Misled

Advertising men were admittedly disappointed, for they had based their expectations of a favorable decision on Chief Justice Hughes' remarks of more than a year ago when he described the differential as "novel if not unique" and said it sought to take away commendable economic advantages.

Worried lest the mistaken inference be drawn that advertising increases the price of a product, the industry emphasizes the special conditions of the case. First of all, the 1¢ differential applies only to milk sold in the stores, not to home deliveries. Before the control law

was enacted, about 150 independent distributors did 60% of the New York City store business. The rest was divided between the four big dairies which the milk control board specified as having "well-advertised trade names"—Borden, Sheffield (National Dairy), Dairymen's League, and Renken. The independents quoted prices generally 1¢ to 3¢ lower than the Big Four.

Tipping the Balance

Preservation of this competitive balance was the point on which the decision turned. The state had warned that to upset it by invalidating the differential would ruin little dairies.

The right to this differential, the court held, in another case decided the same day, could not be restricted to those who were in business at the time the act was passed but should be available to all independents. This decision was handed down by a vote of six to three (Cardozo, Brandeis, and Stone dissenting) in the case of Mayflower Farms, which had sued to set aside the time-restriction features of the act.

The Big Four dairymen naturally think the Borden decision deprives them of a free competitive right, but two years of operation under the differential have taught them there is more than one way to skim the cream. For example, nothing prevents them from selling their own products as unadvertised brands at the lower price through subsidiaries. As a result of the Mayflower decision, new subsidiaries may even be organized for this type of oper-

ation. Again, fiber containers help offset the differential by eliminating the 3¢ bottle deposit (BW—Feb 1 '36, p 23). A combination of these methods makes it possible for a Borden subsidiary to offer a quart of milk in a paper container at 11¢, while the independents charge 14¢, including the deposit.

The milk control act will expire next month, but its renewal is expected, as independents insist on it.

Although advertising interests were disappointed in the milk decisions, the court's verdict liquidating Hucy Long's 2% tax on the gross advertising revenue of Louisiana newspapers with more than 20,000 circulation was satisfying in every detail—particularly in its comprehensiveness, which should avert a threatened flood of similar state and municipal levies on advertising.

The tax act, rushed through a rubber-stamp legislature two summers ago to revenge the late senator on 12 big anti-Long papers, was tossed out as an abridgment of the constitutional guarantee of a free press.

The tax was never collected, an injunction having been obtained immediately after its passage.

New York Woman

That's the name of a new weekly to be started this spring; \$300,000 stock offered for sale.

ON a Wednesday morning in mid-April, or it may possibly be the first Wednesday in May, New York City newsstands will display a new weekly magazine. Its name has been announced—the *New York Woman*. Its voting trustees are Arthur J. Morris, of the Morris Plan banks; Alan G. Rinehart, of Farrar & Rinehart; and William E. Wheeler, former newspaper advertising man, advertising agency executive, and for two years promoter of the new weekly.

What has not been announced—and probably will not until near the date of the first issue—is the names of the chief writers. This is because they are working for other New York magazines and newspapers and might lose their jobs if their names got out. That the staff will be liberally studded with women is promised by the editor, James Monahan, formerly in charge of the New York office of *Esquire* and at present public relations chief for World Peaceways.

The *New York Woman* is the fruition of two years' planning, in which editors of the *New Yorker* and other magazines gave helpful hints. Its price will be 15¢ a copy. It won't attempt to get subscribers by mail, and won't try to expand outside a 50-mile radius around Fifth Avenue.

The first print-order is for 75,000



"TO RELEASE THE SELLING POWER OF MERIT"—That's Dr. Shirley Wynne's idea in establishing his Public Health Laboratories, Inc., and his seal of endorsement, which manufacturers whose products meet his seven-point purity test and his \$5,000 fee may display on labels and in advertising.

copies, which are expected to sell on the inaugural publicity and the general interest accorded any new magazine. From there on, the magazine's novelties of printing and makeup will be set to work to sell it.

The cover will be in color, and "varnished." The 52 inside pages will be printed on a slick-finish paper (developed by the International Paper Co. for Alco-Gravure) which permits extensive use of color at low production cost.

Advertisers will be offered a rapid-fire closing schedule on color, faster yet on black and white. The fashion pages will carry not only detailed descriptions

of the dresses pictured, but also the prices and where they can be bought.

That investors were willing to take a chance, despite the multitude of magazines more general in tone and circulation, was revealed in the word from Brown, Young & Co., underwriters, that 150,000 shares, half of the voting stock offered for sale at \$1.25 a share, would be closed out within the first week.

For voting certificates, 378,097 shares were reserved on option, with 70,903 shares issued in exchange for the copy-right. Prices on the voting shares on option range from \$1.25 a share prior to Mar. 31, 1938, to \$4 a share in 1942.

Frosted Foods Breaks the Ice

First magazine advertising indicates General Foods is licking distribution problem on its Birdseye quick-frozen products; now production must be jacked up again.

WITH the appearance of an advertisement of Birdseye Frosted Foods in the *New Yorker*, the General Foods Corp. has passed another milestone in its labored journey toward a new type of food processing and food distribution.

That advertisement, offering fresh green peas, picked and packed by the Birdseye quick-freezing process many months ago, is evidence that the retailing problem has been sufficiently licked to justify some more general type of promotion than dealer handbills and occasional newspaper announcements.

Particularly, it means that in the past two years Frosted Foods Sales Corp., a subsidiary of General Foods, has increased retail outlets almost 200%—from 450 to 1,250—on the North Atlantic seaboard, and that retail sales now bulk almost as large as those in the institutional field, where the company has enjoyed a healthy volume with hotels, steamship lines, and railroads during the past four years.

Thanks to this retail rise, total Frosted Foods sales last year showed an increase of 47% over 1934, when they increased 67%. Another 50% advance in 1936 is hoped for.

Intensive Development Pays

The pattern of distribution which Frosted Foods has found most successful involves concentration on single markets, one at a time. Boston, Syracuse, Rochester, Westchester County, and now the whole Greater New York area are focal points of activity.

Frosted Foods now plans to march through Jersey to Philadelphia and on down the coast before branching out into the Middle West.

When that time comes, the company will be well prepared in at least one respect, for throughout the country to

serve its institutional customers it has a number of warehouses equipped to maintain the necessary 0 to 10 degree temperatures. Contracts with the Dry Ice Corp. similarly assure an adequate fleet of special refrigerated cars.

Development by American Radiator of a low-cost refrigerated dealer case (*BW—Oct 28 '33, p. 22*) is perhaps the greatest single cause of retail sales growth. Originally, cases ranged from \$1,500 to \$2,000, and even easy financing arrangements did not make many sales possible. The new case costs about \$360 and is not sold direct to the dealer. Instead General Foods installs it on a lease basis.

Prize Price-Control Policy

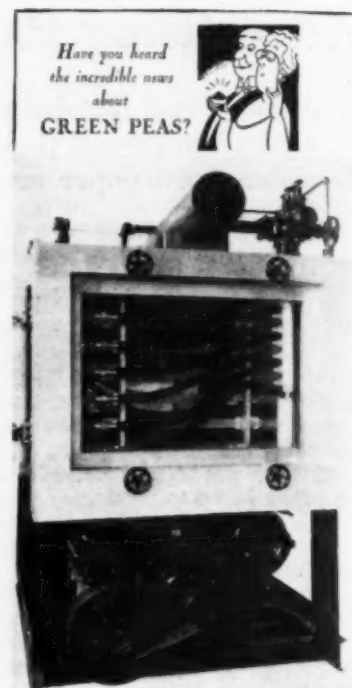
This enables the company to choose its dealers with unusual care and to maintain a price-control policy which is the envy of manufacturers now wrangling over the subject in Washington.

Controlled prices of Frosted Foods do not, however, mean high prices. There are 47 items in its line—12 vegetables (the biggest sellers), 5 fruits, and 30 kinds of meat, seafood, and poultry (now picking up rapidly). The company tries to match prices for fresh and packed goods of comparable quality.

Despite added handling expense all along the line, Frosted Foods is able to compete on a price basis, because the system of preservation enables the company to buy raw supplies at opportune market levels and to sell them, still fresh, in off-seasons.

With the advance in distribution technique, Frosted Foods' most immediate problem is one of production. The company will invest about \$350,000 this year in new quick-freezing equipment and other plant facilities.

Development of the portable freezing



NEWS MAKING MACHINE—Behind the story of the green peas, as told in Frosted Foods' first magazine advertisement (section, above), lies this late-model, portable, multi-plate, freezing equipment—a big factor in the rapid expansion of Birdseye sales. The prepared and packaged foods are placed on the metal plates and quickly frozen when the refrigerant is circulated through sinuous passages. General Foods will spend \$350,000 this year for such new equipment.

unit five years ago (*BW—Aug 26 '31, p. 9*), and consequent improvement of the machinery, made possible an increased production, which for a while threatened to outstrip demand. But now the reverse is true.

The portable units allow the company to begin packing operations early in the year, when the first Southern fruits and vegetables come into season, and then move north with the harvest.

From Grower to Gourmet

The entire production process begins with the grower, who is supplied with seed for those types of products best adapted to the quick-freezing process. Produce is brought to specified canneries and packing plants, where it is graded and prepared. This process involves the removal of all husks, pods, and waste materials. All excess bones and fat are removed from meats and fish; poultry is completely eviscerated. This feature of "net edible weight" is one of Frosted Foods' main sales arguments.

The portable freezing units, carried by truck from plant to plant, process and package the foods, which are then shipped to various distribution points.

IT DOESN'T LOOK LIKE MUCH ...BUT WHAT A STORY!

especially
worth remembering
if you buy belting

There is nothing unusual about the power plant pictured here—except the amazing story of the belt running from the 250 h.p. Corliss steam engine to the generator.

Twelve years ago this 34" x 9-ply Goodyear Transmission Belt was installed in the power house of a North Carolina lumber company on the specification of the G.T.M.—Goodyear Technical Man.



Unscathed by fire

For eleven years—a record in itself—it performed faultlessly in this strenuous service. Then, a little over a year ago the mill burned down, but the belt was salvaged.

It was next sold to Claude S. Kinsland, a manufacturer of hardwood lumber, for use in one of his Carolina mills. To fit his service, the belt had to be cut down to 20" width, and it went back to work a year ago on this generator drive.

"Good for many years more"

You wouldn't expect much of a belt after going through these vicissitudes of time, fire and alteration, yet Mr. Kinsland recently reported:


"This belt is giving entire satisfaction and

appears to be good for many years more service!" What a belt!

See the

You can expect longer service from Goodyear Transmission, Conveyor and Elevator Belting under most difficult conditions—because all are time-proved products of the world's leading rubber manufacturer—and are individually specified to their job after careful analysis by the G.T.M.

Let this practical belting expert give you the benefit of his long experience in reducing costs when you next buy belting. To bring him, write Goodyear, Akron, Ohio, or Los Angeles, California—or phone the nearest Goodyear Mechanical Rubber Goods Distributor.

THE GREATEST NAME  IN RUBBER
GOOD YEAR

BELTS
MOLDED GOODS
HOSE
PACKING

MADE BY THE MAKERS OF
GOODYEAR TIRES

This seal identifies a member company of The Federation of Mutual Fire Insurance



Companies and the American Mutual Alliance. It is a symbol of soundness and stability

The FOUNDERS of our COUNTRY were among the Founders of MUTUAL INSURANCE

We are doubly indebted to two of the gentlemen who signed the Declaration of Independence... JOHN MORTON and ROBERT MORRIS. Almost a quarter of a century before the signing of that great document, these men were members of that significant Philadelphia group who met to form the first Mutual fire insurance company in America!

Their plan was simply to protect themselves from loss by fire, and they devised a plan so well that it has survived in all its wisdom to benefit Americans today, in greater measure than ever before.

The principle behind Mutual fire insurance is nothing more or less than a sound plan for providing the greatest possible protection at the lowest possible cost. Mutual fire insurance is based on a careful selection of risks, thorough fire prevention methods, a conservative investment policy, and economy of operation.

The constant effort of these companies is to reduce the cost of the insurance by reducing the losses. This they succeed in doing, year after year.

An interesting booklet will be sent to you upon request. Address the Federation of Mutual Fire Insurance Companies, 230 North Michigan Avenue, Chicago, Ill.

MUTUAL FIRE INSURANCE

An American Institution

On the Job

Elevator men, dock workers settle labor disputes; Lewis turns down increase in pay.

WHAT looked like a growing hurricane on the labor front blew itself out in several sectors this week, still was billed as possibly cyclonic in the New York City garment-making trades.

The wide-open fight between the United Mine Workers (with seven supporting unions) and the executive council of the American Federation of Labor continued less spectacularly.

Miners found that a shoe which fit one foot might not go on easily on the other, when a plea for autonomy from 17 "provisional" districts, now ruled directly by the union's national officers, was turned down. The miners want autonomy for themselves (or capitulation by the A. F. of L. to industrial unionism) but they are chary about extending self-rule within their group.

John L. Lewis will receive a salary of \$12,000—not \$25,000—as voted by the union, or at least announced by the chairman, though many delegates yelled for a rollcall, which they didn't get. There was so much kicking that Mr. Lewis announced next day he wouldn't take the raise.

Olson Rebuked

Gov. Olson of Minnesota was restrained by a federal court from using troops to close the Strutwear Knitting Co. plant, on the ground that this was necessary to preserve order.

Mayor LaGuardia and his helpers effected a settlement of the threatened elevator strike in New York City. On the Pacific coast, shipping hummed with new activity as 60-odd ships began to sign crews, following agreement between owners and workers on the prolonged maritime dispute.

This settlement left the "hot cargo" suit the hottest spot in California—one which might boil over into other states. Maritime unions have been insisting on a clause in new contracts which gives shipping employees the right to refuse to handle any cargo declared "unfair to organized labor by any maritime union."

All but one of the lines carrying products down-river to San Francisco on the Sacramento River signed up, but Freighters, Inc., did not. It sued under the Sherman Act, asking damages from River Lines, a competitor, on the ground that the latter's "hot cargo" contract had resulted in tying up Freighters' vessels for several months.

Could Be Expanded

Observers pointed out that there was no limit to the extent to which similar contracts might be carried, and that control of all transportation might eventually fall into the hands of the strongest unions, any "unfair" charge being enough to tie it up.

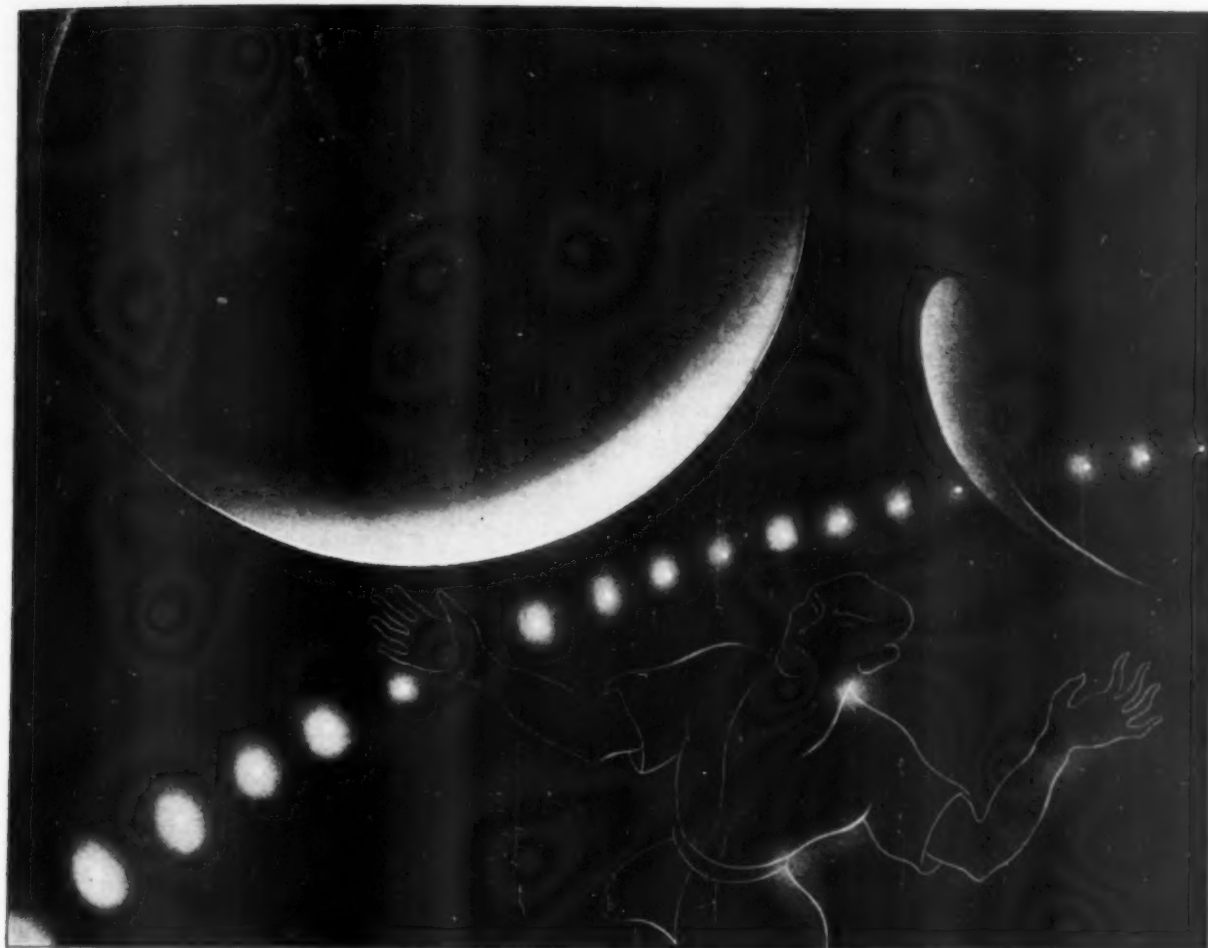
Another waterfront labor suit was begun when the Moore Dry Dock Co. asked the federal district court in San Francisco to enjoin the National Labor Relations Board from hearing the complaint of the shipbuilding workers' union that the company had refused to bargain with it.

In Detroit the General Motors Truck Corp. and the Chrysler Corp. got a temporary injunction against NLRB.

Akron rubber workers tried "sitting down" strikes (BW—Feb 8 '36, p. 8) and were partly successful—enough so that further use by some unions was predicted. The advantages of the sitting method are obvious. The worker is near his machine and can repel any attempt to operate it; he cannot be removed without a great deal of fuss and fury; he doesn't have to resort to physical action to impress onlookers with his determination.



A GOOD TIME WAS HAD BY ALL—Garment workers weren't downhearted about their chances of winning their long-debated strike, as they met at Manhattan Opera House to listen to arguments about hours and wages.



Easy—when you know how!

DIFFICULT as it may seem, the ability to juggle a cannon-ball with a feather is simply the result of intelligent application of known principles.

No more "impossible" is the feat of improving a product and at the same time reducing the cost of manufacture. If it involves a problem in alloyed steel or iron, "Moly" very often supplies a simple answer.

Moly is widely recognized as one of industry's most potent, versatile and economical alloy elements. It is used to solve many ferrous problems—alone or in combination with other alloying elements. It saves money through lower total alloy costs, easier processing, fewer rejects, and simplified inventories. While thus saving money, Moly almost invariably

improves products—makes steel and iron stronger, tougher. . . . And that is one of the surest ways to greater sales!

The story of Moly's remarkable characteristics, broad effectiveness, and thousands of practical applications, is one of the most notable chapters in the economic success of alloy steels and irons. No steel- or iron-using concern bent on cutting costs and creating sales should fail to investigate Moly.

EXECUTIVES ARE INVITED TO SEND FOR OUR INTERESTING NON-TECHNICAL BOOK, "MOLYBDENUM IN INDUSTRY." CLIMAX MOLYBDENUM COMPANY, 500 FIFTH AVENUE, NEW YORK CITY.

CUTS COSTS **MOLY** **CREATES SALES**

Changing the Map for Steel

Youngstown talks of that canal from the Ohio to the lakes which would bring cheaper coal, open competitors' markets; competitors have different views. Meanwhile, demand for lighter products has altered old rivalries.

YOUNGSTOWN's steel industry looked on wistfully when Pittsburgh began to use the canalized Ohio River nearly 15 years ago. Then the two big producers in the Mahoning Valley and their friends went to work to get them a channel of their own, flowing into the Ohio River only 35 miles away.

An answer to this heavy industrial ambition has been awaited week by week since early December, when the report of the division engineer in Cincinnati went to the Chief of Army Engineers in Washington, Maj.-Gen. E. M. Markham.

If the Ohio River could be remodeled for Pittsburgh's fleets of barges carrying pipe and bars to the Southwest, at a cost of over \$126,000,000, why, the

Youngstown district began asking in the 1920's, could not the Mahoning and Beaver Rivers be rebuilt at a federal cost of only \$37,000,000 to give the Ohio a very much larger traffic?

Canalizing of the two or three little rivers of the Mahoning-Shenango steel triangle, they figured, would give them the same favorable access to water transport which competitive Cleveland and Pittsburgh had, and restore the balance.

The 100-year-old project for digging a canal from the Ohio to Lake Erie was reborn with formation of the Beaver-Mahoning-Shenango Rivers Improvement Association in 1929. Agitation for a canal from the Ohio to Lake Erie had been indefinite and generalized before

then; the new association and the Youngstown Chamber of Commerce focused it upon the Mahoning route.

If this route could be accepted, Youngstown and adjacent territory hoped to obtain at least that shorter portion which would carry them to the Ohio. Thus two projects were under discussion simultaneously: one for a 35-mile channel from the Ohio to Youngstown, the other for this channel and a 67-mile canal to Lake Erie.

The cost of the two portions together, depth of 12 ft. all the way, was estimated to be \$141,000,000 to \$147,000,000, depending on whether the channel was to be 200 ft. or 300 ft. The latest project under study calls for a width of 250 ft. in the Beaver and 200 ft. in the Mahoning, both increased to 300 ft. on curves. Depth of 12 ft. would be the same as that of the New York State Barge Canal. Year-round depth on the Ohio is 9 ft.

Will Determine Feasibility

The survey of the route was recommended in 1931 (the first federal survey had been made in 1845). This has resulted in the decision that if a canal is to be built between the Ohio and the lake, the Beaver-Mahoning is the route to follow, with the extension to take the old pre-Niagara spillway of the Great Lakes the rest of the distance. Besides arriving at a closer estimate of the cost of the two portions of the canal, the new report was expected to announce whether a canal to the lake is feasible, and upon this decision rests the fate of the channel to Youngstown.

The Work Relief Advisory Committee last spring set aside \$5,000,000 for the project, contingent on the engineers' deciding favorably to construction all the way through. Thus Youngstown finds itself in an awkward position. Because the decision on the shorter portion of the route depends on a decision on the whole project, Youngstown supporters have feared they were behind the eight-ball.

Pittsburgh Undecided

Competitive interests in the region between Pittsburgh and Cleveland have divided in a complicated way. A vocal majority in Pittsburgh business used to be in favor of a canal to Lake Erie but in discussion this winter the Pittsburgh Chamber of Commerce has not yet made up its mind.

Pittsburgh opposes a canal to Youngstown only, both on account of the access the channel would give Youngstown to Pittsburgh's down-river markets and the lowered costs of its competitor's coal. The canal's reduction in the assembly costs of iron at Youngstown is figured at \$1.20 a ton.

The Jones & Laughlin Steel Co. at Pittsburgh is still in favor of a canal to the lake on account of the saving in ore costs. The largest of the coal companies,



YOUNGSTOWN DREAM—A canal from the Ohio up the Beaver, then up the Mahoning could bring cheap coal from Pittsburgh, open a water route for steel products to the Southwest. Extension of the canal north to Lake Erie at Ashtabula could bring in ore barges, take out more steel. Meanwhile, Pittsburgh Coal Co. is building its own route into the Ohio steel area—by barge to Smith's Ferry, thence over subsidiary rail lines. By linking its Montour tracks at North Star and Smith's Ferry it could have its own all-rail route from the Pittsburgh district.



A PROVING GROUND FOR

O.C.
OPERATING COSTS



Ask about the
HEWITT PROOF TEST PLAN

Sucking up harbor bottoms can quickly cost the life of ordinary suction hose. It is a tribute to our technicians that dredging companies usually look to HEWITT for the super product their needs require. Up through the length of rubber lined hose are forced sharp, grinding sand and gravel . . . knife-edged shells . . . corrosive substances that would soon eat the heart out of

any ordinary rubber. The superlative service HEWITT has built into rubber for the dredging contractor should have a deeper meaning to other industries, and production executives. Here on the harbor floor, under the most abusive conditions, HEWITT shows you the greater stamina that is built into all HEWITT hose and belting. Here, HEWITT conclusively proves that added

service can be built into industrial rubber goods. That same rugged strength, toughness, and longer life will keep the lid down on your operating costs and help plant officials achieve new economies in production. . . . HEWITT distributors are nearby. You will find them listed in the current classified telephone directories of major industrial centers, under "Rubber Goods" or "Belting".

HEWITT

RUBBER CORPORATION BUFFALO N.Y.

HOSE • CONVEYOR AND TRANSMISSION BELTS • PACKING

THE NEW INDUSTRIAL DICTIONARY

Old words have new meanings these days. It will pay every manufacturer to learn the new definitions . . .

- com'pe-ti'tion**—The low-cost plant (there's one in every industry) which can undersell you.
- mod'ern-ize**—Act of replacing unprofitable with profitable equipment. Synonym: invest.
- ob'so-lete**—A machine which is unprofitable to operate.
- op'er-a'tor**—Individual who can create profits or labor troubles, depending on attitude. If profits are desired, supply Operator with modern equipment which makes job easier and high earnings for himself and company more certain.
- pro-duc'tion**—a variable word. (Synonyms: profit, or loss). Superlative in former (profit) is reached when new equipment is provided.
- prof'it**—Difference between selling price and costs. Archaic or obsolete word in plants where importance of reducing costs is not recognized.
- stock'hold'er**—more or less patient individual. Formula for arousing to enthusiasm: modernize plant with new equipment. Result is such pronounced increase in profits that stockholder revives and supports management.
- tax**—Disease similar to anemia: causes weakness, possible death. Cure: strengthening of profit margin by reducing costs, best brought about by replacing obsolete, wasteful equipment.
- wage'-rate**—(Synonym: high). Causes rush of blood to head of production executive. Antidote: greater production increase (by faster machines) than the wage-rate increase.
- If these and similar words are worrying you, perhaps our experience with other plants in applying the right meaning in the right place may be helpful to you.*

WARNER & SWASEY
Turret Lathes
Cleveland

Pittsburgh Coal, is not only not relying on the construction of the canal but is completing at great expense its own barge and rail route into Youngstown.

The Cleveland Chamber of Commerce is opposing the building of the canal to Lake Erie, but is not opposing the section from the Ohio to Youngstown. (Clevelanders have always been heavily interested in the steel industry of Youngstown.) One of Cleveland's steel companies believes it would save 50¢ a ton on coal.

Railroads Fight Plan

The Shenango valley, east of Youngstown, has been in favor of the project but left the leadership to Youngstown. The railroads, principally the Pennsylvania, have fought it bitterly. The railroad brotherhoods and allied unions are opposed; ditto for the Ohio Valley Improvement Association (Cincinnati).

Pittsburgh Coal's project has been a quiet, and at times mysterious, byplay to the effort at a water route. Acquiring the old route of the Pittsburgh, Lisbon & Western, the big coal producer through its subsidiary, the Montour railroad, connected it up with a new track from a point west of the mouth of the Beaver. It is now installing a loading dock at the river terminal to take coal into Youngstown from its mines west of Pittsburgh by a combination of rail, barge, and rail. This project it would never have undertaken if it supposed the waterway would soon be built.

Besides having access to Youngstown steel works, the Montour meets the Van Sweringens' Erie at Leetonia, O., below Youngstown. This gives the Erie a connection into the Pittsburgh district. The coal company's enterprise was not achieved without the opposition of the Pittsburgh railroads, including an effort at federal injunction.

In detail, the present project for a canalized Beaver-Mahoning calls for a federal contribution of \$37,000,000 for the route to Youngstown (more exactly to Struthers, just below Youngstown) and a local contribution of \$10,000,000 for bridges, grade changes, etc.

Upkeep: \$9,000,000 Plus

The annual costs are estimated for this portion at \$2,275,000 to the United States and \$600,000 to local interests. The northward extension would cost an additional \$110,000,000, with annual charges up to \$6,485,000. It would have seven twin locks and dams.

Proponents of the canal estimate that in a good year as much as 50,000,000 tons of coal, iron ore, limestone and steel products would use an Ohio-Lake Erie canal. It seems agreed that the shorter portion of the canal would carry nearly all the coal Youngstown requires from the Pittsburgh district, as well as from the eastern Ohio district, up to 10,000,000 tons.

The shorter portion built alone would

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75 YEARS
OF PRECISION
MANUFACTURE

Compass the Globe



WHEREVER wheels spin and belts whirl — wherever turbines and generators hum — in producing power — in making steel — in refining oils — in fusing glass — in weaving textiles — in food and chemical processes — in hundreds of industries, and in the research laboratories of science — in every country of the world — there you will find Brown Instruments and Automatic Controllers.

The recording, indicating and controlling of temperatures, pressures, flows, liquid levels, humidity — to name but a few possibilities — are vital factors in reducing costs, improving quality and speeding up production. Leading plants in every industry report that their investment in Brown Instruments has been repaid many times over in substantial savings in plant operation.

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IF YOUR NEWSPAPER LOOKED LIKE THIS



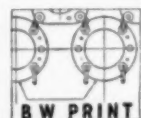
would you
read it?

Your eyes would soon get tired of a newspaper printed in reverse. Soon you'd find yourself skipping lines and paragraphs . . . losing the sense.

Blue prints, too, make extra demands on the eyes—create extra chances for misunderstanding and mistakes. And so, in thousands of plants today, **BLACK AND WHITE Prints** are replacing blue prints. These black-line "right reading" prints fit in with modern production methods.

Expose paper in your blue-printing machine—then develop it in a BW Developing Machine (priced at \$57.50). That's all there is to the BW Process! You save time because BW Prints are produced faster than blue prints . . . require no washing or drying. You save money because, with BW, you can use sheets cut to the size of your tracings, thus eliminating waste. In shop use, BW Prints are not affected by cutter coolants—no need to varnish the print.

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BW Prints—easier to make than blue prints—far easier to read and check

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Gentlemen: Please send me, without obligation, your FREE book, "Black and White Magic."
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Company.....
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NOT HARD TO TAKE—The boys in the shop get a slice of melon. Chrysler Corp. made money last year; will pass out \$2,300,000 in employees' bonuses. Signing the executive orders are, from left, seated: Fred M. Zeder, J. E. Fields, E. C. Morse; standing: K. T. Keller, B. E. Hutchinson.

carry no ore, and the ore the canal from the lake would carry would be subtracted from that through the port of Cleveland. The lake cities do not know whether the canal barges would navigate those waters. Ore and coal would probably be rehandled at Ashtabula unless it were found practical to use lake carriers a little smaller than those going through the Welland canal.

Southwest Demand Vital

The tonnage of steel products Youngstown and the valleys would ship by channel and Ohio river is problematical, and would depend in large part on how the Southwest developed as a steel market. The channel would probably be open the year round, most years, inasmuch as the steel companies in busy years now dump enough warm water into the Mahoning to keep it from freezing. The Ohio-Monongahela has been frozen this winter and railroads are carrying the coal this stream would have taken, evidence that they will still be needed.

Because of the high traffic density probable on the southern portion of the project (probably higher even than that of the Monongahela) its operation would undoubtedly be less expensive by the mile than that of the Ohio river, the costs of which are borne by the federal government.

The railroads naturally contend that both projects are uneconomic, because the railroads must maintain routes throughout the territory, and that their operation would amount to heavy and clumsy government subsidy. Cleveland intimates that western Pennsylvania coal is not likely to last long enough for the canal to amortize itself at the charges set up for it in the estimates. In addition to the materials of the steel industry the

channel would serve cement, firebrick, and metal fabrication plants.

Youngstown's big steel companies, Youngstown Sheet & Tube and Republic Steel, were more fascinated by the waterway project in the days when heavy products were a larger part of their business. Pittsburgh cut deeply into their pipe trade when the canalized Ohio opened a cheap route to the oil country. A revival of heavy steel would doubtless restore the rivalry.

In the meantime, both Youngstown and Pittsburgh have been more interested in the flat-rolled products moving into the northern markets, particularly into Michigan. These travel too fast for a canal. All of the recent and proposed expansions in both regions have been to make the lighter products.

In the manufacture of automobile steels and other products of higher grade, Youngstown has been feeling less keenly the handicap of inland position which Youngstown Sheet & Tube so bitterly complained of in the famous suit brought by C. S. Eaton to stop the merger with Bethlehem. If the army engineers turn thumbs down on the canal it is probable that Youngstown will go to work to expand in lines where transportation is the smaller part of the cost.

Piano Accordions

Former imported product is developed by Wurlitzer, which now claims third place in world.

THOSE huge elastic music-making boxes that are embellished with chromium, ivory, mother-of-pearl, or what have you, and sometimes have as many keyboards as a pipe organ and are so heavy

How
United Drug controls



SEVEN MILLION TRANSACTIONS A YEAR

with 10,000 REXALL and LIGGETT STORES

SINCE 1920, United Drug has depended upon Powers Punched Card methods to give complete analyses of its sales both from accounting and statistical points of view. Each month Powers Machines analyze sales and cost data giving them the information contained in some 100,000 customers' invoices.

Among the vital reports that United Drug takes off its Powers cards are:

1. Complete daily analyses of sales by branches.
2. Monthly sales recapitulation for accounting purposes.
3. Monthly analyses for the five branches of sales by sales territories. These analyses are broken down by the twenty sales departments into which the 8,000 catalog items are divided.
4. Monthly reports showing actual sales cost of each item handled and reports of sales by items.
5. Purchase cards—every four months and annually—to show each agent his

purchases, broken down by the twenty sales departments.

6. An inventory record showing total stock on hand in dollars and quantity in each branch.

All reports are promptly submitted giving executives an accurate and constant picture of sales operations.

ADAPTABLE TO ANY BUSINESS. The same essentials which bring to United Drug and hundreds of other well managed firms, quick, accurate control over sales and inventory at a reasonable cost can easily be applied to your business. Right now Powers Machines are serving banks, chain stores, public utilities, Federal, State and Municipal governments, railroads, insurance companies and every type of industrial and commercial concern. When it costs nothing, why not find out what Powers Machines can do for you?

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POWERS
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Advertising Insurance. What is it?

It is a way to make your advertising results more certain, clinching the sales which advertising starts. A tested means to check substitution. And the cost? Measured in pennies, against the dollars of advertising investment.

Such is *Trade Mark Service* in the classified telephone directory. Your trade mark can be listed at the classification of the service or commodity you sell. Then your dealers or local representatives are listed under the trade mark.

Tell Your Prospects "Where to Buy It"

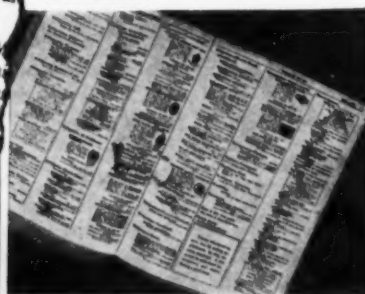
This means that people who want to buy your product can easily find where to buy it. Their route is a direct one—from your advertising to the telephone book to the dealer. It is particularly direct if your advertising refers to your classified directory listing.

Look in the yellow pages right now. See how many leading companies use this simple means of dealer identification. Philco, Kel-North America, Willard, Foot Saver, Mimeograph, 'blue coal', Westinghouse, Pittsburgh Paints—are among those found in many telephone books.

Give your product the benefit of a plan which makes advertising dollars work harder. For information communicate with Trade Mark Service Division, American Tel. & Tel. Co., 195 Broadway, N.Y., or 311 W. Washington Street, Chicago.



Your advertising makes her want to buy your product.



Then she looks in the classified telephone book, for the name of your nearest dealer



She finds "Where to Buy It," and you find another satisfied customer

that the player has to carry them on a strap around his neck—they are piano accordions.

Up to four years ago Germany and Italy supplied practically all the world's demands in that line. Then just when the depression was pushing the piano business into the subcellar, the Wurlitzer Grand Piano Co. decided to start the manufacture of piano accordions.

In 1935, Wurlitzer's De Kalb, Ill., factory turned out 5,000 piano accordions and it now claims to rank as the third largest factory of its kind in the world, conceding first place to Hohner, Germany, and second to Soprani, Italy.

Too Much Business

FHA backs down on electric appliance insurance because retailers sold too lavishly.

THE Federal Housing Administration is regretting the ruling it made last August that certain electric appliances were eligible for modernization loan insurance whether or not permanently attached to anyone's property.

As a result, it developed a big business. But subsequently it has been getting burned on insurance of electric appliance purchase contracts, and therefore beginning today (Feb. 15) no installment accounts will be insured unless a 10% down-payment has been made by the purchaser.

This effectively throws FHA out of the electric refrigerator, washer, and ironer field, since finance companies habitually call for less than 10% down.

The trouble developed in the retailing field. Retailers, as long as they could slide the accounts on to the bank or other financing institution, were tempted to be careless about their FHA sales. And financing institutions, with a liberal leeway of 20% in insurance, were not too careful.

That might have been all right if the merchandising were held within reasonable bounds, but the amount of this business that has not only gone sour but was positively pickled to begin with has forced FHA to clamp down the lid.

The classic example of wild retail selling now being used is that of the Southern appliance dealer who sold an electric refrigerator to a Negro family living two miles from electric power, asked no down-payment, and even threw in a turkey to make the sale. The dealer passed the installment paper along to the banker and got his money without recourse. From then on it was up to the bank and the FHA.

Title I of the Housing Act expires Apr. 1. When it comes up for extension, finance companies are going to use such goings on as an argument for limiting FHA to structural modernization.

Here's San Diego

What its families earn and what they buy is shown in survey. They lead in car purchases.

SAN DIEGO, Calif., is the seventh city to disclose in a Department of Commerce survey how much its families earned in 1933, what durable consumer goods they owned, and what they used to heat and light their homes.

Undertaken as an aid to industry in the distribution of consumer goods, these surveys are among the first actual records of income distribution available for particular cities.

Like other cities in the West and especially on the Coast, San Diego is a heavy user of automobiles. In fact, the Department of Commerce reports it as having the largest proportion of families in the motor-owning class of any of the seven cities that have been surveyed.

Income: The largest number of San Diego families fall within the income group of \$1,000-\$1,499. In fact, almost 65% of all families had incomes under \$1,500, while 82% ran under \$2,000.

Housing: About 85% of families live in the single-family house; the rest are distributed equally among two-family, apartment, and other types of residential buildings.

Building Material: Wood is the chief material for homes, being used in 73% of them. Stucco ranks second, and becomes increasingly favored as income increases.

Rent: Ranges from an average of \$198 per year for the lowest rent-group to \$715 for the highest.

Heating Apparatus: The mild climate makes heating accommodations of minor importance. About 80% use heating stoves. Fireplaces probably serve for 15%. Less than 5% use central-heating systems.

Heating Fuel: Gas is used by 45%; wood by 39%; kerosene by 11%.

Cooking Fuel: Gas serves practically all families, or close to 99%.

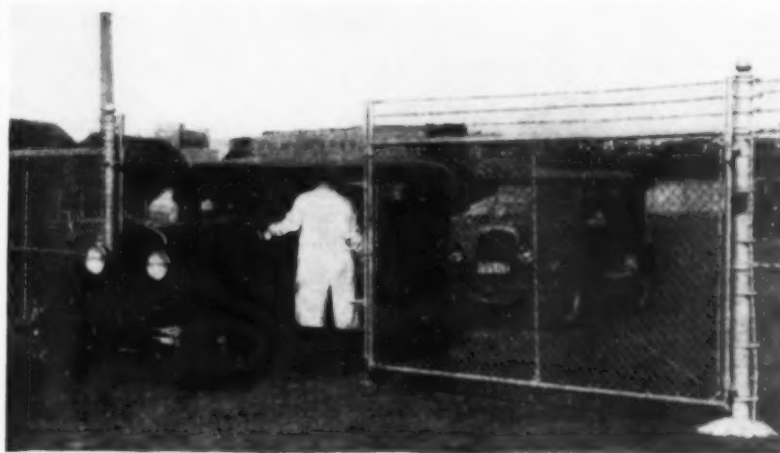
Lighting Fuel: Electricity serves more than 99%.

Bathrooms or Showers: San Diego has fewer families without tubs than any of the seven cities surveyed, or 3%, and the biggest proportion of families with one tub, or 93%.

Mechanical Refrigeration: Here the market is barely touched, for 84% of families have no mechanical refrigeration. The largest group with refrigerators is the one with a \$2,000-\$3,000 income.

Automobiles: Only 31% of families do not own a car, while 69% own at least one. This is the best showing of the seven cities covered. As in Austin, Tex. (BW—Jul 20 '35, p. 30), more than 5% own two cars.

WHY MORE PLANT OWNERS *Choose Cyclone* THAN ANY OTHER FENCE



FOR many years Cyclone has been the first in the field with practically every improvement in chain link fence and fence construction. With a Cyclone fence you know you have the finest available, both for protection and appearance.

10 REASONS FOR CHOOSING CYCLONE CHAIN LINK FENCE

- 1—All Cyclone fence is copper-steel—proved by the American Society for Testing Materials to withstand rust longer than plain steel.
- 2—Cyclone copper-steel H column posts are the strongest known for weight. 40% more resistant than tubular or "angle" products.
- 3—Cyclone chain link fabric is galvanized after weaving—thus avoiding "breaks" where rust can set in.
- 4—Cyclone special "12M" galvanizing process assures longer life.
- 5—Mesh measurements and gauges in Cyclone fence are exactly as represented.
- 6—Cyclone gate frames are assembled with malleable castings—not welded. A damaged welded gate usually means a new gate.
- 7—Cyclone's ball and socket method of hanging gates takes strain from posts and puts the weight on a concrete footing.
- 8—In Cyclone invincible and non-climbable type fence the barb wire is fastened on extension arms with a key that permits adjustment due to expansion and contraction without damaging the arms.
- 9—Every part is made by Cyclone. Not assembled on a price basis.
- 10—Men trained and directed by the Cyclone Fence Co. are available to install Cyclone fence.

sion arms with a key that permits adjustment due to expansion and contraction without damaging the arms.

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Mail the coupon today for 24 page illustrated book. Contains pictures of 14 kinds of fence and tells facts you should know about steel picket fence, chain link fence, and many others. Book shows how to have a fence that is handsome as well as affording greatest protection—how to have fence gates that don't drag, fence rails that won't buckle in hot weather, fence post foundations that will not be weakened by frost. No matter whether you are thinking of building a fence now or later—no matter whether you have a modest shop or a mammoth factory, a few feet of fence or ten miles of it—you need this valuable book.

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Standard Fence Company

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Cyclone Fence

UNITED STATES STEEL



TEMPERATURE

Modern Developments in its Control

Tenants Are Shoppers

In Manhattan, Chicago, Philadelphia and other Metropolitan centers—skyscrapers forged upward even after business took its famous, late-lamented toboggan. Result, fewer tenants to occupy an excess of modern building space. Smart owners, realtors, bond holders, building managers, turned to modern merchandising, gave the space shoppers the much-talked-about, luxury appointment—Sylphon Automatic Temperature Comfort. Now, with rentals and revenue up, heating costs down, many older buildings are again competing equally with more modern structures not offering this advantage.

Most popular Sylphon Controls; Automatic Radiator Valves which replace ordinary valves; Sylphon Electric Valves for individual radiator or "zone control" of temperatures throughout building. Bulletins CW70 and CW80.

Lucky Manchester

This British textile center is the only one boasting a natural climate approaching ideal conditions for Textile manufacture. Most spinning and weaving operations require humidity near the dew point, correspondingly high temperatures, artificially maintained. For uniform climate regulation in American mills, manufacturers depend largely on Sylphon Controls designed expressly for this service. Bulletins CW20 and CW50.

Scalding



... to save hide and hair ...

Chicago. To take hair off hogs—leave hide undamaged, meat packers use Sylphon controlled hot water dip.

New York. To keep hide and hair on hotelites—avoid scalding damage suits—hot water for rooms is automatically controlled at safe, maximum temperature by Sylphon Regulators or Water Mixers. Bulletins CW20 and CW40.

Chills and Fever

Hard-to-heat industrial areas are getting brass-hat attention. Shown that much of fuel bills could be saved, a million dollar annual sickness loss materially reduced, automatic control of unit heaters and direct radiation is being widely applied. Sylphon Space Heat Regulators are leveling the peaks and valleys in more temperature charts and balance sheets. Bulletin CW50.

Whatever your temperature control problem, write Fulton Sylphon Company, Knoxville, Tennessee, on your letterhead for helpful, expert advice without obligation.

Oil Fortune-Teller

American Petroleum Institute tells outlook for autos and their fuel in next 25 years.

FUTURE oil resources are a legitimate worry for any nation, especially one like ours with 26,000,000 automobiles on a gasoline diet. Realizing its responsibility in the ancient argument over domestic supplies, the American Petroleum Institute hazards a long-range prophecy.

A recent survey estimates the known reserves (12,177,000,000 bbl.) and the probable discoveries as enough to relieve apprehension "regarding supplies for the next 25 years." Beyond that, improved methods will make recoveries from old fields and will develop shale deposits. Gasoline from coal (already highly developed in Europe) is another guarantee against dry gas-tanks.

The A.P.I. figures that the American population will be 146,000,000 in 1960. It estimates that passenger cars will then have increased to 31,000,000 against the present 22,400,000, and that trucks will have increased to 6,000,000 from the present 3,600,000. The increase will be 11,000,000 units, bringing the total to 37,000,000.

Gas Up, Gas Down

The average car now consumes 690 gal. of gas annually. By 1940 this should be 730 gal., due largely to the increase in trucks. After 1940, motor improvements and the trend to lighter cars should reduce the figure to 670 gal. Uses other than for motors are expected to remain at 10% of total production.

The peak of demand for crude oil is expected to be reached in 1950, with 1,109,800,000 bbl. (of 42 gal.). By 1960 a drop to 1,071,020,000 bbl. is charted. (The domestic use in 1935 was 919,500,000 bbl.) Imports and exports are disregarded.

While cracking and refinements in oil refining have steadily increased the percentage of gasoline recovered from crude, substitutes have made their appearance. Actually, manufactured fuels await economic necessity rather than invention. About 2,000,000 bbl. of benzol (byproduct of coke) is used annually as an anti-knock blend. Gasoline produced from alcohol and through hydrogenation of coal is too expensive.

Who Owns the Sets?

"Official" figures on radio ownership being readied for release.

"OFFICIAL" figures on the ownership and distribution of radio receiving sets throughout the country as of Jan. 1 will probably be released this month by the "committee of 15," representing the

National Association of Broadcasters, the American Association of Advertising Agencies, and the Association of National Advertisers (BW—Nov. 23).

Heretofore, there have been many conflicting estimates. Now, the chains and the main independent stations have signified that they will use the committee's figures.

Next comes the job of determining station coverage and listening habits. The committee is watching with interest a metering experiment conducted by the Yankee network with a device which records on a tape the actual periods of set operation and indicates the stations listened to.

The big chains are underwriting the committee to the extent of \$30,000.

Homing Signal

Flyers can tune in on broadcasting stations for radio guidance.

AVIATORS use the radio beams from 71 airway beacons and 80 marine beacons maintained by the Department of Commerce. But that leaves a lot of territory where radio guidance is not available, for the inland beams are along the main air lanes. Hence there is a growing demand for some practical method of using the waves from commercial broadcasting antennae, so that a pilot, flying the back country, may pick up the nearest station and ride in.

"Homing type" compasses for this purpose have been put on the market by Lear Development Co., Fairchild Aerial Camera Corp., Western Electric Co., and Electrical Industries Mfg. Co. Several other concerns are developing units. The army flying corps is also at work on similar apparatus.

Warns If You're Wrong

The instrument is still in the pioneer stage. It provides a visual indicator of some sort, which, once tuned in on a station, moves to the right or left if the ship gets off the course.

Not all of the 620 broadcasting stations are equally suitable for direction-finding purposes. *Electronics* is publishing this month a list of 52 that can be picked up for this purpose. They are the 50-kilowatt stations that operate on channels completely free from interference on the same frequency, and others on the "clear" channels listed by the Federal Communications Commission. On these "clear" channels some interference exists but not enough to render them unsafe for this use.



Floors
TAKE A VERY SMALL
PART OF YOUR
BUILDING DOLLAR

FOR
FLOORS

... *but* are vitally important to the
dividends on that dollar!

WHAT does this floor mean to future profits... rather than what does it cost per foot. That's the way to choose the floors for any new building today. Old type floor systems are "taking the count" in the battle for longer profitable life which faces every new building that goes into construction.

Since floors form the only rentable areas of your building, since their facil-

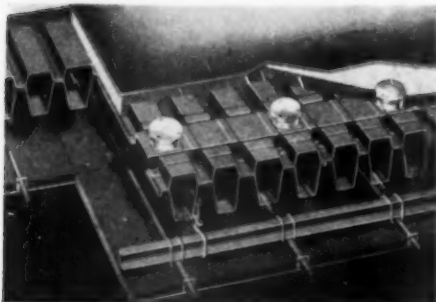
ities often make the difference between a building half-vacant and one fully leased, the small proportion of building money you spend for them vitally affects the success of your entire building investment. That's why they deserve more serious consideration than they usually get... and why you should spend enough of your building dollar to buy the right kind of floors.

First, of course, you must have a floor that is structurally sound. But most important, you must have a floor that anticipates the future, that provides for all the possible new uses of electrical apparatus, that makes possible any number of additional electrical outlets without resorting to unsightly exposed wires or the expensive alternative of chiseling up floors to install additional wire ducts.

The Robertson Steel Floor System

provides exactly such a floor. It is impossible to find any other floor with comparable advantages. The Robertson Floor is in itself a comprehensive system of protected wire raceways, capable of carrying more wires than your building will ever need. You'll never have to ask a tenant to adapt his needs to your floor... your floor will always adapt itself to his needs, quickly, economically and easily.

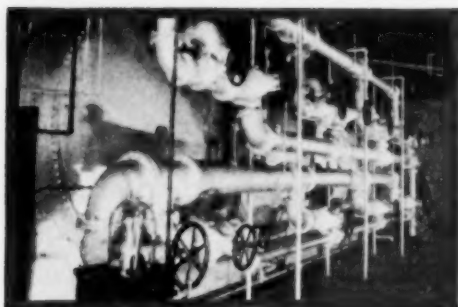
Besides greatly increasing your building's utility, the Robertson Floor saves steel, saves concrete, reduces accident and fire hazards, speeds building construction. It is fully protected against corrosion. In fact, it has too many advantages to enumerate on this page... but our brochure "New Life for Buildings" will bring you a more complete story. It's free to all who are interested in building or remodeling. Send for it. H. H. Robertson Company, 2001 Grant Building, Pittsburgh, Pennsylvania.



THE ROBERTSON Steel Floor System is a super-strong steel floor which contains, in itself, a complete system of protected wire raceways. These raceways permit of such complete floor electrification that outlets can be placed every six inches over the floor area if desired.

ROBERTSON
STEEL FLOOR SYSTEM

Values Plus...for Steel Users



J & L PIPE QUALITY BRINGS SATISFACTION TO USERS

Users of J & L Steel Pipe testify to its satisfactory performance in all types of installations. J & L Pipe is made from selected steel and comes to you straight and free from excess scale and defects. It has accurate mill threads and free cutting qualities that assure easy cutting and threading on the job. J & L manufactures a complete line of seamless and welded steel tubular products in black and galvanized, including hot rolled seamless steel boiler tubes.



MODERN TERMITE-PROOF FLOOR CONSTRUCTION AT NO GREATER COST

J & L Junior Beam Floor Construction for residences and other light occupancy buildings gives many important advantages over other types of floors. It costs no more. It is rigid and fire resistant, shrink-proof and completely and permanently termite proof. This widely used floor construction is easy to install and imposes no restrictions on either architect or builder.



J & L METALLURGISTS CONTRIBUTE ADDED VALUES

Metallurgists are constantly analyzing, testing and checking J & L steel products to assure uniform high quality, and dependable performance. They also spend much time in the field, assisting customers in selecting the right steel to meet their individual requirements. These activities mean added values for users of J & L Steel Products. Let a J & L metallurgist consult with you regarding your steel problems.



STEEL PRODUCTS FOR EVERY REQUIREMENT IMPORTANT ADVANTAGES FOR EVERY USER

When you use J & L products you enjoy values *plus*. You get steel that helps to improve the quality of your product, speed up production, reduce operating costs and thereby increase your profits.

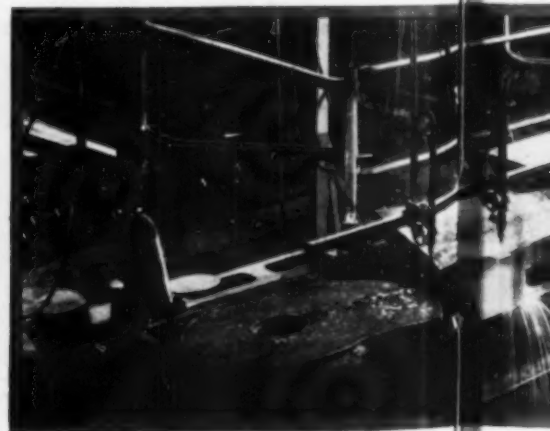
You will find, in the wide variety of steel commodities manufactured by Jones & Laughlin, exactly the right products to meet your individual requirements. You can depend on the uniformly high quality and continued performance of each one. And you will be able to effect many economies, in purchasing negotiations and clerical time involved, by obtaining all the steel products you use from this single, reliable source.

Jones & Laughlin owes its normal, healthy, independent growth and its present outstanding position in the steel industry to customers' appreciation of these added values in J & L products and services.

Specify J & L products for all your requirements. You will enjoy complete buying satisfaction... and extra profits.

Below NEW PROFITS FROM MACHINING OPERATIONS

J & L Bessemer Screw Steel is suited to a wide range of applications. A radio condenser shaft made of J & L Improved High Sulphur Bessemer Screw Steel is shown below. This steel met all the requirements of precision and fast cutting and it profitably replaced a more expensive material, previously used. J & L Bessemer Screw Steel is available in hot rolled and cold drawn bars and shapes and in drawn wire.



Below J&L WAREHOUSE The atmosphere of J & L Warehouse is service. J & L customers have facilities to cut and form; form, shape, assemble, stock, in other words, a complete, sense of complete,



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Steel Piling Junior Beams
Fabricated Structural Work
Seamless and
Welded Tubular Products
Wire Rods and Wire Products
Tin Plate, Black Sheets and
Manufacturing Ternes
Coke By-Products
Pig Iron

Below: J & L WAREHOUSE SERVICE SAVES YOU TIME AND MONEY

The torch flame cutting machine shown below is typical of the modern J & L Warehouse equipment for providing better and more complete service to J & L customers. Hundreds of plants depend on J & L Warehouse facilities to cut odd shapes from plates to replace broken castings and forgings; form, machine, or mill bars; do accurate punching or shearing; assemble steel plates and shapes by riveting, bolting, or welding; and in other ways provide steel products in ready-for-use form. Service is complete, quick and dependable.



**Left: SAVINGS FOR CONTAINER
AND CLOSURE MANUFACTURERS**

J & L Coke Tin Plate has responded with problem-solving performance to the many and varied demands of the packaging industry. Jones & Laughlin's latest development in this field is Jalcold—a cold rolled product with greater uniformity to gauge and unusual capacity for severe drawing operations which commend it for especially exacting requirements. J & L Coke Tin Plate, including Jalcold quality, is made in a full range of sizes.

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Today J & L is privileged to serve every major American industry—automotive, petroleum producing and refining, food processing, metal working, building construction, machinery, textile, railroad, utilities, agricultural implement, public works and many others. This widespread acceptance testifies to the wide variety of J & L Steel Products and to the dependable high quality of each.

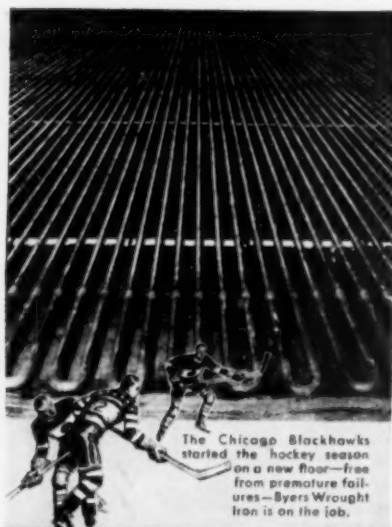
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Cut Your Refrigeration Piping Replacements with WROUGHT IRON

MANAGEMENT pays a terrific price for replacements when some other material is substituted for the jobs wrought iron has done so well for years.

Chicago Stadium skating rink was built in 1928. Among other things 64,000 feet of pipe (not wrought iron) was installed for calcium brine coils, air lines, and brine headers. Five years later failures occurred. Two years after that complete replacement was necessary, and Byers Wrought Iron Pipe was used. Wrought Iron should always be used for handling calcium brine and for other corrosive services. It costs slightly more in the beginning and much less in the end.

If corrosion is costing you too much in refrigeration systems, tanks, plant piping, smokestacks, or any other service, suggest to your engineers that they write us for a copy of the bulletin "Wrought Iron in Industry." A. M. Byers Company, Est. 1864, Pittsburgh, Boston, New York, Washington, Chicago, St. Louis, Houston.

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June in January

Kansas City's "A.I.V." milk sold on vitamin content and color; patented feed process designed to solve seasonal problem.

RECENTLY imported from Finland, a patented process for conserving green forage for dairy herds is said to produce a new type of rich winter milk, of high vitamin content, the golden yellow kind of milk that butter makers describe as June quality. This A.I.V. milk is named after Dr. A. I. Vertanen, its inventor.

Introduced in Kansas City, a limited supply (10,000 qt. daily) was quickly snapped up and is being sold by several distributors. Licensees plan to step up Kansas City's supply next winter to 50,000 qt., at which time A.I.V. milk is also to be available in Boston, Cincinnati, Pittsburgh, Detroit, St. Louis. L. J. Chapman, Kansas City producer and distributor, has acquired United States patent rights, operates on a royalty basis, and expects to foster his program through the sale of trade-marked bottle caps to licensees.

Specially Treated Feed

The rich color which helps sell A.I.V. reputedly comes from feeding dairy herds forage which has been treated to retain practically all of the properties of lush green living plants. Legumes or fodder are cut and rushed to the silage cutter while green, there to be sprayed with a dilute mixture of hydrochloric and sulphuric acid (prepared by the A.I.V. Laboratory following a crop and soil analysis), then stored against winter in the silo.

If allowed to cure in the sun, legumes and fodder lose as much as 40% of their valuable nutrients. By Dr. Vertanen's process, it is asserted, only 3% to 8% is lost, allowing at least 50% more vitamins in the milk, and giving it a rich color. Cows given this June-in-January diet are said to get along on considerably less feed and are described as healthier, particularly in resistance against respiratory diseases.

While from time to time the dairy industry ho-hums at announcements of new feeding methods to increase the nutritional value of milk, the A.I.V. process has the approval of and is being used at agricultural departments of several state universities, and at experimental stations. Kansas City doctors, through their medical association, have endorsed it.

Controlled Eggs

Not unlike the A.I.V. milk plan is the promotion of controlled eggs, through feeding, by Purina Mills. Traveling talkies tell poultry raisers that hens fed on certain Purina products exclusively will lay premium eggs eligible to be marketed under a national

brand. A hundred of these eggs, each from a different farm, will have similar shells and yolk color, and the same taste. Restaurants like this feature and pay up to 5¢ a dozen extra for them. Boston imports more Purina eggs than any other city. Because all eggs are supersensitive to odors, Purina eggs are protected, in shipping, by air-tight, waxed crate liners—one to each half of the egg crate.

The almighty vitamin is the main retail sales argument that Purina folks put out. Each controlled egg contains, according to their form letter to the medical profession, the equivalent of two teaspoons of choice cod-liver oil. So, my dear doctor, why not prescribe controlled eggs instead?

Psychology Does It

Kansas City printers don't cut prices when their costs are revealed to competitors.

WITHOUT pretending to control job-printing prices in Kansas City, the Graphic Arts Organization has reduced price-cutting by a simple method involving a mixture of cost accounting and sales psychology.

There is no compulsion of any kind, and yet 60 printing firms, doing 80% of the Kansas City business, are getting along famously, by means of one principle: Every printing job must be estimated in conformity to standard and adequate cost accounting methods before pricing, and a copy must be kept for inspection by the central office. That done, any price may be made.

Like other service industries in which production costs are largely labor and mechanical overhead, the job-printing trade has always been more or less resigned to absurd prices. The prevalence of price-cutting by those ignorant of their own costs, together with errors due to complicated specifications, has been more serious than that of deliberate offenders.

Starts With a Survey

With this in mind the Graphic Arts plan sets out to correct the situation by (1) securing the cooperation of each member to have an approved cost survey made in his plant or (2) accept the average costs of others who have adequate cost systems as a basis for computing departmental mechanical costs in making estimates; and (3) permitting members to examine estimate sheets covering labor operations on file with the secretary.

Nothing is said about selling prices; if a member chooses to cut below costs, he does so with his eyes wide open and within full view of the others.

When a printer who has heretofore figured jobs by the old intuitive method

learns the value of checking his estimates against adequate data and fills out the standard estimate form with its inquisitiveness for every detail of expense, he usually becomes convinced of the value of adequate cost accounting. The margin over cost for the group now averages 8.5%; six months ago, with the same volume, it was 7.9%.

Under normal business conditions, members of the Graphic Arts Industry do a combined business of four million dollars annually. Organization dues are based on $\frac{1}{2}\%$ of commercial sales.

He Borrows \$167

He is the average person getting a loan from Household Finance. Purpose: to repay old debts.

SMALL borrowers seldom create new debts—the ratio is only about one out of five. Loans are generally used to repay a gradual accumulation of old debts. That is the finding of Household Finance Corp., based on \$74,731,201 of loans made in 1935 to 447,665 borrowers.

Payment of old bills, chiefly medical, was the purpose of 77.45% of the loans. Business needs accounted for 6.21%.

Of the borrowers, 39.06% worked in manufacturing lines, 11.35% were professional people, 10.75% had jobs in the public service, and the rest came from almost every occupation.

Their average monthly income was \$163, and the average loan was \$167, usually repayable in 20 months, the principal and interest taking 6.59% of the monthly income.

The net profits of Household last year were \$4,203,926 after all charges, as against \$3,643,646 in 1934, and \$3,589,132 in 1933. It confines its work to the states in which uniform small-loan laws, or similar ones, are in effect. It has 205 branches in 144 cities.

In Memoriam

Granite and marble for memorial purposes sold better last year.

SALES of granite and marble for memorial purposes went up 18% during 1935, the Memorial Craftsmen of America learned at their convention this week. That means around 2,734,000 cu.ft. of stone, as compared with the 1934 figures of 2,317,000 cu.ft.

The growth in demand came from both private and public memorial sources, indicating that the industry was on the way back to good times.

During 1929 a peak of around \$100,000,000 in business was recorded, and there has been a steady increase since the bottom was reached in 1933.

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by ERWIN HASKELL SCHELL

Professor of Business Management, Massachusetts Institute of Technology. Author of *The Technique of Executive Control*

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- how to handle the fundamental administrative process
- how to express yourself as a representative of the company
- how to handle relationships with others both within and without the company
- how to build for increased tenure of position
- how to face the changing aspect of the future

NOW for the first time is presented a simple portrayal of the unique objectives and opportunities which challenge the business administrator. Standing squarely for that view of administrative responsibility that distinguishes between routine administration and permanency of tenure, the author presents an enlightening discussion of the attitudes, the methods, the personal adjustments, that the administrator may utilize to solidify his usefulness to any company and make his connection with it a career, rather than a vocation.

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Grief in Housing

The great problem is how to produce a house with many internal improvements, costing no more than an "empty" house. Mass production necessary.

Housing—III

This third report on the housing problem discusses in realistic fashion the various problems involved in cutting the cost of construction, particularly the opposition of union labor to anything that reduces employment.

Most of the industrial firms pioneering in this movement have had to deal with these problems and are now tempering enthusiasm with discretion. They are seeking the necessary volume by creating a market among people now living in second-hand houses.

The next report in this series will tell how much success they have had and how they are meeting the new difficulties that arise.

In house construction two contradictory factors must be combined to make a product satisfactory from the present-day standpoint.

The house must include highly mechanized forms of plumbing, heating, refrigeration, and other internal improvements, and the whole must cost not more than an "empty" house has cost in the past.

This problem is not disconcerting to scientific and industrial interests now engaged in experimental research and building, because they visualize the house as a machine and consequently a product to which mass production methods can be applied.

Progress is not remarkable in the short time since they have tackled the problem, because the desired economies

cannot be gained until there is mass production. A single house incorporating the materials and methods developed for mass production will cost at least as much as a house built of conventional materials handled in the customary fashion.

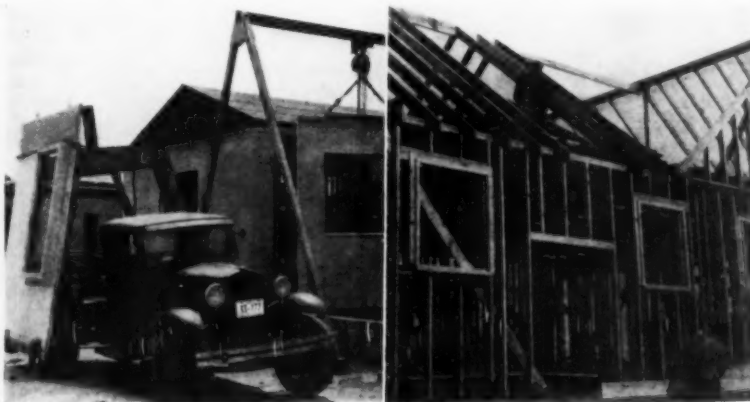
The hammer-and-saw man can always be depended on to build houses. Compared with factory techniques, his methods are wasteful but his overhead is nil. He doesn't have any labor trouble. He buys his materials in odd lots at advantageous prices and he's adept at cutting corners to secure a few dollars as production progresses.

The cost of his product may be high in terms of value but it is small in total dollars. We are talking about cost, not price. The speculative sale factor adds a heavy toll.

Disparagement of traditional methods has created the impression of a rapid advance in structural technique, particularly along the line of prefabrication, but a lot of this has been confined to paper.

If a house, like an automobile, could be built complete in the factory and "floated" to the site, the problem would be licked overnight. But prefabrication must stop short of the physical limits on bulk transportation. Cut-to-fit, knock-down, and partly assembled units require erection, and more expensive and exasperating things can happen before the house is finished, upsetting previous estimates of total expenses, than any man can imagine beforehand.

New methods of construction require



BOTH BENEFIT—Makers of prefabricated houses and builders of more conventional frame dwellings alike will benefit from increased construction. Many ways have been found to build the house parts at a central plant (left) but the hammer and saw are still doing rushing business, and taking advantage of up-to-date, speedy erection methods in competing with prefabrication.

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the training of labor even in simple operations. And labor isn't willing to learn new-fangled shortcuts which include less skilled labor.

This would not be so serious if the big saving to be made by prefabrication and quick assembly did not lie in volume. Neither big-shot building contractors nor unionized labor to any large extent fooled around much with small house building in pre-depression years. But just as soon as big operators go into it in a big way they will be marked for the slaughter.

Labor Can Make Trouble

Union labor has found more ways than lawyers to tie up the works and are even more clubby, as their bitter craft jurisdictional fights are staged for the common good of labor. Its shield has many quadrants but it is a good chest-protector.

Unless somebody hits on a method of screwing a house together with a monkey-wrench or screw-driver on Sunday afternoon, the only solution seems to be in industrial unionization, which covers both the man in the factory and the man on the ground.

Labor's resistance to labor-saving methods and materials is a greater obstacle to the development of lower cost house construction than its stand on wages. It is fighting hard to build up defenses weakened or torn down by the depression.

Raised in a hard school, the building trades reject the suggestion that volume at lower average rates will produce a higher average income, even when this takes concrete form in an annual "salary." It would be true for some, not all, as the unions are quick to realize.

\$12 Man vs. \$4 Man

The argument so often used that a \$4-per-day man who buys or builds a house can't afford to pay a skilled workman \$12 a day is specious. This ignores the very short time that the \$12 man is on the \$4 man's "payroll." That same \$4 man buys, for several hundred dollars, an automobile turned out in a day or two.

Because houses can't be shipped complete from factory-to-you with the last brick on the chimney top, a distribution system remains essential. To finance and carry through all the operations necessary to convert raw materials into a finished house is more than most manufacturers care to undertake. Neither are they willing to disrupt long-established relationships with jobbers by favoring even big builders.

Considerably more prefabrication than is yet widely practiced is possible without exceeding jobbers' capacity for warehouse and delivery. In their present distribution facilities, ordinary building materials have an edge over potential competitors, and the evolution



LABOR WILL COOPERATE—The Lockon tile-mounting device can be classed as technological advancement, but building unions have signed an agreement to use it. They see more jobs, not fewer, because it is easily adjusted, permits fast setting up of tile walls on any surface, and removal later if desired.

from selling materials to selling assembled parts, under way for years, is now accelerating rapidly. Jobbers and dealers will branch out as new materials or old materials in new shapes and sizes demonstrate their utility.

While the federal government has been engrossed principally in forcing a reduction in home financing costs (*BNW*—Feb 8 '36), various units are actively cooperating with industry in developing and encouraging new ideas in the fabrication and assembly of materials.

Research Results

The U. S. Forest Products Laboratory at Madison, Wis., has developed various methods utilizing plywood that several companies are exploiting. A larger appropriation has been obtained to speed up research by the Bureau of Standards into the durability of light-metal construction, weather-tightness of masonry, roofing materials, caulking compounds, insulation materials, and the insulating values of various types of wall construction with and without insulation.

Of immediate practical significance are the property standards established by the Federal Housing Administration. If a mortgage is accepted for insurance after the plans and property have been appraised by men trained in design, construction methods, valuation procedure, and subdivision analysis, it is a fair assumption that the buyer is getting his money's worth.

This article has discussed in realistic

fashion the various problems involved in lowering the cost of house construction. Most of the industrial firms pioneering in this movement have tempered enthusiasm with discretion and, in general, are gaining a better sense of direction. Their progress will be reported in a subsequent article. The volume which many of them are seeking will be found in creating a market among people now living in second-hand houses. All builders have learned that building too many high-priced houses and sacrificing them at low prices is destructive of values and demoralizes their greatest market.

In Half the Country

24 states already tentatively organized in new General Wild Life Federation.

TWENTY-FOUR state branches of the General Wild Life Federation are already reported tentatively organized. The North American Wild Life Conference, held in Washington last week, decided to form the new federation of all conservation interests.

Leaders hope to have every state federation organized within a month. Then the national federation will be set up on a permanent basis.

Because of good management and the earnest desire of delegates to accomplish something, the conference had an unexpectedly small amount of friction between the widely varied conservation interests.

A threatening rift between Western and Eastern groups was solved by the leaders. The Westerners kicked at the original provision in the constitution of the new federation placing a limitation on the six directors-at-large, "not more than three of whom shall reside west of the Mississippi River." The proviso was changed to read "not less than three," and the dissent subsided.

The conference has had two emphatic results. On its closing day, Juan Zinser, Mexican delegate, announced that his country had finally signed the migratory bird treaty already in effect for some time between Canada and the United States. Moreover, Sen. Loneragan of Connecticut, apparently tired of waiting since last year for Administration action that had been promised on the subject, introduced two bills whose purpose is to forbid pollution of streams, rivers, and coastal waters.

Sen. Loneragan's bills, S. 3958 and S. 3959, do not have much chance for passage in this session of Congress, but will be pressed vigorously next year.

S. 3958 provides for state compacts, voluntary methods of ending stream pollution, and loans to further them. It also authorizes the use of federal power to bring about the desired effect in case there is lack of cooperation under the voluntary features.

The bill would be administered by the National Resources Committee, which it would make permanent. Sanitary Water District Boards would be established throughout the country to prevent pollution by voluntary methods or by institution of injunction proceed-

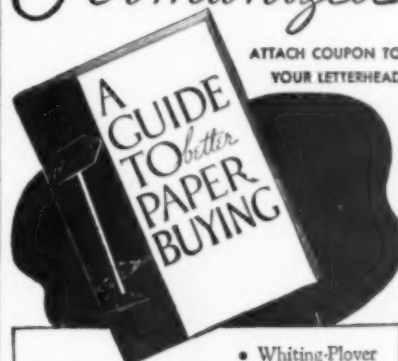


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Business Week

THEY DON'T SWALLOW IT—Although they are all great tea drinkers, the U. S. Board of Tea Experts (dollar-a-year men appointed by the Secretary of Agriculture) don't swallow the tea when they meet once a year to decide the standards of importation for 85,000,000 lb. of the fragrant leaf. From them, American buyers and dealers find out which teas will be the best for the coming year, which ones should be rejected because the crop will be inferior. From left, the 1936 board members are: Charles Hutchinson, Walter Hellyer, Robert A. Lewis, J. H. Swenarton, J. W. Vaux, A. Irwin, Edward Branstom.

NEARLY DOUBLES FIGURE OUTPUT

Estimating prices for American Can Company shows economy of "Velvet Touch" Monroes



THE LA MODEL MONROE IN FOREGROUND IS FIGURING RATIO OF 1000 BODIES TO A BASE BOX. MONROE AUTOMATIC DIVISION HAS NEARLY DOUBLED FIGURE OUTPUT.

WHEREVER you go in the American Can Company, you will find Monroes: in the Manufacturing, Budget, Accounting, and Sales Departments in New York, and in many of their plants throughout the United States and Canada. Among the 197 Monroe models, there is a machine exactly suited to every kind of business figuring.

Back of every Monroe machine, from Maine to California, is the service of a Monroe-owned branch. Whether you use one

or a thousand Monroes you are assured of continuous figure operation.

All Monroes (adding-calculators, listing machines and bookkeeping machines) are desk-size, portable, and speedy; and they all have the famous "Velvet Touch" keyboard that takes the fatigue and strain out of figuring.

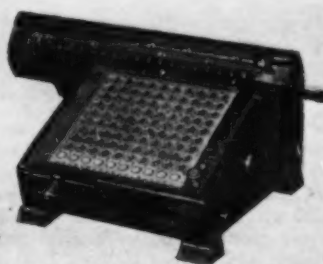
It will pay you to see a "Velvet Touch" Monroe at work on your own figures; no obligation. Phone the nearest Monroe branch or drop a line to the factory.

This Electric Monroe (Model LA-6), takes less desk space than a letterhead. Portable, weighs less than 17 pounds. Divides and multiplies automatically.

Simple • Speedy • Rugged

MONROE

CALCULATING MACHINE COMPANY, INC.
ORANGE, NEW JERSEY



ings and to pass on sewage and waste-disposal projects.

S. 3959 provides for amending the Oil Pollution Act and the Deposit of Refuse Act. It would extend the prohibitions in these acts to "any waters" which flow into navigable waters or coastal waters. It would also prohibit disposal of solids in navigable waters in liquid form, and would strike a blow at such practices as that of the City of New York, which liquefies its refuse and dumps 500,000,000 tons weekly in the coastal waters off the city.

Once a Year

San Francisco Conference on Distribution to be held annually.

SAN FRANCISCO'S Conference on Distribution, held for the first time as an event of the city's Market Week, Feb. 3-8, is to be an annual affair.

This is announced by officials of the Manufacturers and Wholesalers Association, sponsors of the conference, which was patterned on the yearly distribution conference of the Retail Board of the Boston Chamber of Commerce.

The main question considered was how distribution can keep pace with production. Two hundred Coast retailers, with their wholesalers and manufacturers, discussed taxation, personnel training, retail management and public relations. Paul H. Nystrom, professor of marketing at Columbia University, and president of the Limited Price Variety Stores Association, spoke on opportunities for improving retail management.

Market Week, the thirty-first in the series, brought 2,000 buyers to San Francisco from 11 Far Western states, from Hawaii, China, and Japan.

Coast Cooperation

Executives plan meeting to unify policy on business questions.

A COMMITTEE of leading Coast executives this week prepared to draw up a program for formation of a Pacific Coast Economic Conference. The effort is sponsored by regional business groups and the National Association of Manufacturers, and the arrangements will be finished at a meeting in early April at Del Monte, Calif.

The chairman of the committee is Robert B. Henderson, president of the Pacific Portland Cement Co., of San Francisco. The purpose is to unify the policy of Coast industry on business questions. W. B. Weisenburger, executive vice-president of the National Association of Manufacturers, and James A. Emery, its general counsel, took part in a preliminary meeting at Del Monte.

L'Affaire Jones

Saga of the lone champion who has carried his fight against New Deal security legislation to Supreme Court.

SCHECHTER's sick chicken laid the Blue Eagle in its grave, the U.S. Supreme Court concurring. But there is nothing infirm about the lone battler who has fought the federal Securities Act up to the arena of last resort.

The Supreme Court's unshaken elders have consented to review (date not specified) the attack on security legislation by J. Edward Jones. Mr. Jones is a New York dealer in oil royalty securities. His is the first assault on this item of New Deal legislation to reach the final umpires. Legal talent of the Securities and Exchange Commission expresses confidence. Mr. Jones just smiles.

Front Man

Rumors that the New York Stock Exchange is letting Mr. Jones carry the ball flit about the shadowy canyons of Wall Street. But the Exchange has suffered so much since 1929 that it has lost its old combative spirit, seems content to pursue the strait path in step with a sympathetic SEC. More credible is the belief that Mr. Jones is drawing his support from certain independent Mid-Continent oil interests, a group that has shied at every federal halter.

Anyhow it has been a grand fight with plenty of fireworks. Mr. Jones' target is the Securities Act of 1933. But that is tied in with the Securities Exchange Act of 1934 which rests (or wobbles) on the same base.

The Securities Act required registration of new issues. Our one-man war started when Mr. Jones applied for registration of an oil royalty series. Examiners weren't satisfied with the application, ordered a hearing to clear up deficiencies. Mr. Jones then decided to withdraw the application. He was told he couldn't. In turn, he told the SEC "No" when they subpoenaed him for a hearing. His grounds were that his motion to withdraw the debated issue settled the argument. But the SEC rejoined with a federal court order for his appearance. This is the case that has gone to the Supreme Court.

Exciting Adventure

These dignified proceedings have been enlivened by minor skirmishes and adventure, including an alleged attempt of a retiring SEC employee to sell Mr. Jones valuable inside information. Scene of this act was the swanky Jones home at Scarsdale, N. Y. This place is described in a biography (sent out from the Jones offices) as reflecting Mr. Jones' "conservative nature as well as his deep appreciation of quietude."

One William Rabell, an investigator for the SEC, had done some work on

the Jones case. He was asked to resign, refused, was fired. Rabell made an appointment with Mr. Jones, who called in the local state's attorney who in turn called in SEC and G-men.

Dictaphones were installed with sleuths attached. At a signal, the law marched in and laid large, red, arresting hands of Mr. Rabell. In one way, the case was a fizzle; the dictaphone (or the sleuth) didn't work well and the case was tossed out of court. In another way it was a success; the metropolitan press carried thrilling stories.

Mr. Jones is the type that could sell fur coats to Fiji Islanders. Tall, slender, sandy-haired, handsome, he has self-confidence that borders on megalomania, transmits this confidence to sales prospects. Mr. Jones was born in Missouri in 1889, went to Kansas University, became a senior-grade lieutenant in the navy during the war. He dislikes Ickes, oil imports, talk of conservation.

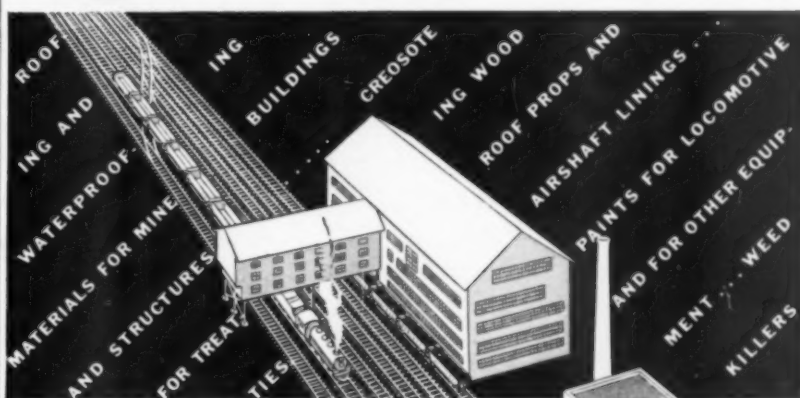
Incidentally, there are good oil royalties as well as bad. A principal objection to them by the New York Better Business Bureau and other critics is

methods of sale which fail to point out that income from petroleum wells is not really income at all but a mere cashing of capital since the well ultimately must cease production.



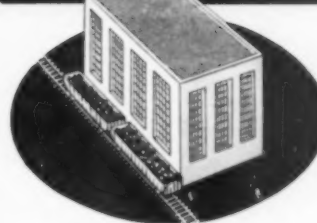
FIRM—J. Edward Jones knows what he likes and what he doesn't. One thing he can't use in his business is the Securities Act.

KOPPERS AND THE Bituminous Coal INDUSTRY



The Koppers organization has a very vital interest in the bituminous coal industry because so many of the products which Koppers manufactures and markets are produced by coal carbonization. It has been the privilege of Koppers to broaden the market for bituminous coal.

KOPPERS PRODUCTS CO.
PITTSBURGH, PENNSYLVANIA



1. Tarmac for Roads
2. Roofing Materials
3. Waterproofing Materials
4. Bituminous Paints
5. Creosote for Wood Preservation
6. Light Oils
7. Tar Acids



Stepping on the Gas...

With metal-working plants of all kinds "stepping on the gas," automotive shops are doing their full share of the accelerating.

In 1935, car and truck production leaped ahead of 1934 by 45% . . . 1936 promises even further increases, as manufacturers prepare production facilities for new record-breaking outputs.

Such is the general outlook in the *entire* metal-working field today . . . a field which offers predepression opportunities for selling industrial equipment.

And *American Machinist*—blanketing the field like a turret top—offers a powerful, effective medium for "stepping on the gas" with sales promotion aimed at getting the new, big orders.

For, wherever metal is worked, no matter what the product, *American Machinist* covers the key production and management officials. It has *more regular paid subscribers in the metal-working field than any other paper.*

Use *American Machinist* advertising, and use it plenty, in 1936, if you want your full share of the orders from the busy, buying metal-working field.

American Machinist

A McGraw-Hill Publication

330 West 42nd Street, New York, N. Y.

American Machinist
1935 INVENTORY OF
METAL-WORKING
EQUIPMENT

Automotive shops have 23% of the total installed metal-working equipment in the United States, as shown by *American Machinist's* 1935 Inventory. Copies of this Inventory are available on request.

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

LUKENS STEEL Co. now offers Nickel-Clad steel, which is produced by a new process and has a thick layer of nickel rolled on both surfaces of the plate.

THERM-O-FLAKES are new, extremely light-weight insulating bricks that Illinois Clay Products Co. recommends particularly for use behind buckstays and furnace linings, where they perform the double function of insulation and absorbing expansion stresses.

STEPHENS-ADAMSON MFG. Co. advertises a new machine for dry-cleaning coal by an Air-Sand process. It separates coal from slate and other foreign materials through the float-sink principle, but employs sand as "fluid," and permits adjustment for different types of separations through velocity control of the air forced through the sand.

A NEW process for fireproofing wood is announced by Protexal Corp. In approving it, Underwriters Laboratories, Inc., reports that lumber so treated can be worked easily, takes paint and varnish, and seems equal to the ordinary untreated kind, but is so fire-resisting that it actually stands as a barrier against fire and prevents its passage.

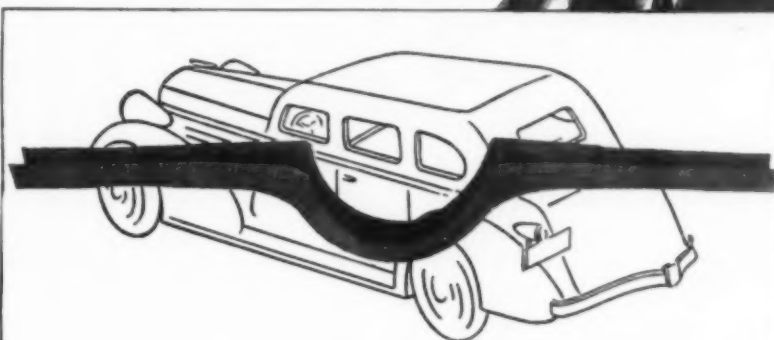
INTERNATIONAL BUSINESS MACHINES CORP. is marketing a new lighting unit that was developed by General Electric Co. for individual use on key-operated card-punching machines and is said to have produced actual increases in output, ranging from 30% during the long-daylight summer months to nearly 100% during the short days of winter.

ELECTRO GRAPHIC GRAVER CO. has a convenient, portable electric engraving instrument, that will write or mark designs, names, numbers, etc. permanently on metal surfaces of any hardness. It operates on AC current or battery.

AUTOMATIC BUSINESS MACHINES, INC., offers the Robotyper as a new and simplified mechanism, which operates any standard typewriter and is capable of producing individually-typed form letters at three times the speed of manual operation. One operator can take, feed, and service four Robotypers.

INTERLAKE IRON CO. has announced iron paving-plates for street and highway surfacing. These are triangles with 10 1/2" sides, 1 3/8" thick, and are so shaped that they can be anchored safely and permanently in concrete. They are advertised as being virtually non-skid and wearproof, and their first cost is said to compare favorably with that of other road-surfacing materials.

We're using
ACME SUPERSTRIP
NOW!



REAR AXLE HOUSING HALF

● Manufactured in one piece from low carbon Acme 8" x .156" x 114 1/2" Hot Rolled Superstrip. Note folded "hem" around center opening, forming of which requires strip steel of uniform highest quality. Approximately one-third of shank on each side of center is upset to increase wall thickness 20%.

This is a splendid example of how Acme Superstrip, made for the job, lends itself to all types of forming, and to electric welding.

Production is Smoother and Products are Better with ACME SUPERSTRIP

● There is a good reason why scores of manufacturers are swinging to Acme Superstrip. The reason is—*better manufacturing.*

And one of the reasons why Superstrip means better manufacturing of automotive, electrical and countless other parts is that Superstrip, each time, is made to fit individual product and production needs.

Difficult drawing and forming...bending quality...hardness

...finish...whatever the need or combination of needs, Acme answers it with made-to-fit Superstrip. Products are stronger and better looking. Production is faster and smoother.

Send today for the booklet, "Batting 'em Out," that tells of numerous products made better with made-for-the-job Superstrip. ACME STEEL COMPANY. General Offices, Chicago. Branches and Sales Offices in Principal Cities.

Acme Superstrip

HOT ROLLED • COLD ROLLED



GALVANIZED • STAINLESS

ACME STEEL COMPANY, 2828 Archer Avenue, Chicago
Send me a copy of the booklet "Batting 'em Out".

Name _____
Firm _____
Street _____
City _____ State _____

SURE, I'D USE
WATERMARKED* CASLON
BOND! IT COSTS LITTLE
MORE THAN CHEAP,
UNKNOWN PAPERS



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*Caslon makes better
letterheads and forms*

If you let him, your printer will do you a great service. He'll point out that you no longer need to content yourself with a "guess-it'll-do" paper for letterheads and printed forms.

He'll show you that for little more than the cheapest, unidentified bond made, you can use a paper of standard *watermarked* quality... crisp Caslon Bond... clean, white, sturdy... made in a mill noted for low-cost production... and every sheet *watermarked* to certify adherence to definite mill standards of uniform quality.

When watermarked Caslon Bond costs so little, why gamble on unknown brands and make your printer gamble with you? Ask him to print it on Caslon Bond. You'll both be happier (and money ahead in the long run).

*
**CASLON
BOND**

Specify this watermark

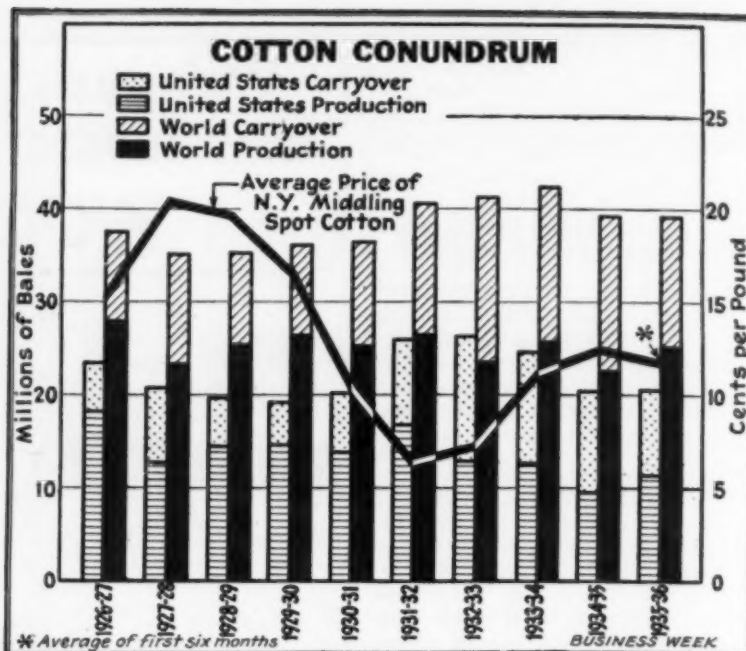
Ideas **FOR BETTER
PRINTED FORMS**

Send this coupon for free portfolio showing new developments, with Color System for quickly identifying forms by color. Includes practical helps in planning new forms. Address The Munising Paper Co., 1975 Field Bldg., Chicago

Name _____

Position _____

Name of your printer _____
(Your business letterhead must accompany your inquiry)



HAPPY DAYS ARE DONE—And now that the government has collected six million bales of cotton, helping the cotton farmer, it wants to get rid of them.

Heavy, Heavy Is the Load

Government wants to get out from under the cotton burden, which it carries at a heavy cost. Sen. Smith has a plan and Oscar Johnston has one.

ONCE more that familiar time has arrived when a government, having shouldered a burden of the farmers in a period of stress, seeks to unhitch the pack and get out from under.

Former governments, both our own and other, have had strikingly similar experiences with the same problem. It is not long since a United States government burned its fingers with the Farm Board, and since the Canadian Wheat Pool tied on the Canadian government's back a surplus whose remnants are still hanging there.

New Ideas

The present case is that of cotton, and there is a moderate difference between it and preceding attempts by governments to handle commodity surpluses that have been lifted from farmers' shoulders. Mainly the difference is that the present American government is a trifle smarter in giving up quickly, and a great deal smarter in getting itself an implement like the Agricultural Adjustment Act to help support the load.

And it is still smart, now that the AAA is gone, in insisting that there be a substitute implement which will obtain the same result.

But even in its new dress the cotton surplus is basically the same old story.

There is a familiar sequence of steps. First, you relieve the farmers, when large supplies are pressing on them, by taking a quantity of the product off the market; then you wait for times to improve while the bundle you have shouldered gets heavier and more expensive; and finally, in disgust, you try to get rid of it. And from first to last you hope like everything that prices go up enough so you come out even. But they never do.

Our current government came to the rescue of cotton farmers during the worst days of the depression, in the 1932-1933 season. Between plow-ups, AAA, and cotton loans, nickel cotton became dime cotton and then 12¢ cotton. A strangling cotton carryover on Aug. 1, 1932, of 13,263,000 bales (actually a full year's supply piled up) has been reduced steadily until on Aug. 1, 1935, the cotton carryover was down to 9,041,000 bales.

By next August the chances are excellent that the carryover will be brought down to eight million bales.

As a purely surgical operation on a glutted commodity situation, that record is a dandy. Probably no other governmental attempt to relieve a bad commodity situation could stack up with it. But, clever as the operation was, it still

With the opening of new Fifth Avenue quarters, Bankers Trust Company provides in mid-town New York complete banking service at two conveniently located offices, Fifth Avenue at 44th Street and 57th Street at Madison Avenue.



SIXTEEN WALL STREET



FIFTH AVENUE AT 44TH STREET



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BANKERS TRUST COMPANY

NEW YORK

LONDON

Member of the Federal Deposit Insurance Corporation

**"Lack of recent information
is responsible for more
mistakes of judgment
than erroneous reasoning."
—MATTHEW ARNOLD**

HAD Matthew Arnold been an American business executive instead of England's most brilliant critic, he would have been Business Week's first reader.

Business Week compresses to specifics the immediate influences that affect business and, in turn, affect executive judgment. Business Week delivers to executives all the facts which unmistakably mark the turn in the current trend chart.

These men who place this information on their "must" list use Business Week not only as aid to their policies but also as guide to their purchases.

Medium of policy and purchase, Business Week has become an important advertising medium. You who buy what Business Week's advertisers sell can also sell what Business Week's readers buy. And when you total the balance sheet, your advertising dollar in Business Week has reached more executive readers than in any other publication.



BUSINESS WEEK

The Executive's Business Paper

330 WEST FORTY-SECOND STREET, NEW YORK

did not eliminate the curse that attends all such affairs, and on Feb. 1 the government found itself stuck with six million bales of cotton and an aching desire to let go.

Thereupon the hoary problem of which way to duck comes bobbing up in its old spot. The six-million-bale package cannot conceivably be dumped on the market without price ruin. The 4,500,000 bales of it held as collateral on 12¢ loans cannot be handed back to the farmer owners, since the loans were made without recourse, carrying charges have brought the totals up to 13½¢, and the market is only 11½¢.

Up to the Government

Loans have been extended as past due, but that is a mere technicality. Actually the 4,500,000 bales of loan cotton comprise a problem for the government alone, not for the farmers. So do the 1,500,000 bales (odds and ends of former schemes such as the Farm Board) held in the producers' pool. And it is up to the government to get out.

Sen. Ellison D. Smith of South Carolina, dean of the cotton bloc, heads the faction which believes in gradual liquidation of the government holdings on a rigid program of not less than 20,000 and not more than 25,000 bales per week, the sales to be conducted by an appointed board.

Oscar Johnston, head of the producers' pool and a director of the Commodity Credit Corp., which made the cotton loan, leads an opposing faction, which favors liquidation on no fixed rule but on the practice of selling when the market can stand it and when opportunities present themselves.

Cotton producers do not like either plan, but particularly dislike the Smith plan. Commercial cotton handlers, for once found side by side with producers, do not like the Smith plan either.

Objector vs. Objector

Objectors to the Smith plan say it is a dragged-out, five-year lump of misery to be handled by a board that might be more experienced in politics than in cotton selling. Objectors to the Johnston plan say it keeps an unknown selling force constantly overhanging the market.

The Administration, without liking any part of the job, is against the Smith plan for fear the farmers will get sick and tired of the endless competition. It leans toward Oscar Johnston, first because he has done a man-sized piece of work with the producers' pool, second because the cotton trade has learned that he is fair about timing and announcing his sales, and third because he might turn up a few tricks to get rid of the cotton faster than the Smith plan contemplates.

Furthermore the loss to the government on loan cotton today stands at about \$38,000,000, and if five more

years are required to finish liquidation, the last cotton sold will have accumulated an additional expense of \$30 a bale.

The government's best chance is to get rid of the load as rapidly as possible without disturbing the markets too much, and to ease the way by operating a new AAA to keep production under control so that a part of the market may be retained for liquidation of the six million bales.

Sniping from Home Boys

There is every reason for haste. Only last week there was a sniping at the whole program by the Bureau of Agricultural Economics. Coming from the home boys of the Department of Agriculture, this caused painful surprise. The cotton program, the bureau announced, was a bust; the South would have been better off if acreage had never been curtailed and prices never bullied up.

Also last week there were rumblings from the South in the form of an estimated increase of 17% in cotton acreage this spring. Smith or Johnston, it doesn't matter much which—but it is a safe bet that if the government has any muscular coordination at all, its knees are already flexing for the jump that will get that six million bales of cotton off its perch.

Going Up

Utilities in 11 Far Western states increase farm business.

ELECTRIC utilities of the 11 Far Western states, studying their 1935 accomplishments, find that the increased rural demand for light and power was an outstanding feature of the year.

There are 11 companies reporting a consumption above 1,000 kw.-hr. per residential customer. This is exceptional for the country as a whole. Indications are that the farm load is rapidly approaching 1930 levels.

Farm consumers increased from 186,868 in 1934 to 192,097 in 1935. The 11 Western states now include 24.2% of the country's total farm consumers of electric light and power.

REA Not Needed

Western utility men say that the farm communities are so much a part of the existing rural distribution systems that the Rural Electrification Administration will not be able to find much to do.

Washington, California, and Oregon have a total of 53% of farms electrified, and this high percentage prevails in the mountain states.

The total energy output in the 11 Western states topped all previous figures with a total of 16½ million kw.-hr., a 15% increase over 1934 and a 20 million kw.-hr. increase over 1930.

We'd just as soon go back to filling in our policies in longhand as do without Ediphone Voice Writing



It has increased our business capacity 32%

(From Edison Records of the World's Business)

This 32% increase in business capacity is attested to, and explained, by an officer of one of America's best known Life Insurance companies!

Pro-technic Ediphones provide each of this company's dictators with a means of dictating at any time. Whenever letters have to be answered . . . whenever memoranda or information resulting from conferences, interviews, or telephone calls have to be recorded . . . each man simply turns to his "electrical 24-hour secretary" . . . and voice-writes. He thinks once, writes once, at once—and then knows that it's done. All work moves!

Investigation proved that men dictate 2½ times as fast to the Ediphone as under the old method—with less effort! And, secretaries gain a commensurate speed in transcribing—with less effort! Speed, Action and Time Selection account for the 32% increase in this organization's business capacity.

Your firm's business capacity can be increased too—from 20% to 50%. Get the proof! See the new Pro-technic Ediphone. It's entirely different . . .

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Increase your profits with the New Ediphone.

British Steel Boom

Tariffs, more building, automobile expansion, and rearmament cause biggest steel year. Naval orders this year will be large factor.

LONDON (*Business Week Bureau*) — More steel flowed from British furnaces last year than in booming 1929 or frantic 1917, at the peak of the war demand.

More automobiles were run off British assembly lines in 1935 than in any year. The total fell only a little short of doubling 1929 output. Last year, automotive exports alone were greater than the entire 1913 production.

Urgent Need for Materials

Domestic steel demand in Great Britain last year was so large that automobile manufacturers, with orders enough booked to keep plants operating at capacity for many months, threatened to build their own steel mills to assure a steady supply of raw materials.

Sheffield, which compares with the Pittsburgh district in the United States, reports that steel mills have more orders booked now than even during the early post-war boom.

Britain's steel boom is due to four factors: a protective tariff, sudden and

rapid expansion of the automobile industry, a building boom, and (recently) an enormous rearmament demand.

Tariffs, without doubt, gave the British steel industry its first boost after the slump of 1930 and 1931. The government only voted its protective tariff after it had warned all producers that they must carry out a rationalization program or lose the benefit of protection.

"Rationalization," the government explained plainly, meant two things: merging of units which were wastefully competitive and which therefore weakened Britain's chances to compete in the export market with the more efficient big plants in Germany and the United States; and modernizing of equipment and methods.

The tariff has protected the home market so effectively that it has actually created a shortage of certain special products which England had never produced in quantity.

Before the tariff, Britain consumed

8,600,000 tons of steel in 1929, and 5,200,000 in 1932. Last year, 8,900,000 tons were used, and the demand is expected to rise in 1936.

England has no skyscrapers in the American sense of the word. Fifteen-story buildings are the exception. In place of the miles of tall apartment hotels one sees in New York and Chicago, London has stuck to the old-fashioned flats, generally only two to six of them in a building, little steel being used in construction.

There has been a change lately, and much more steel has been used in the recent building boom than would have been 10 years ago.

Up 190,000 Tons

Next to the building industries, automotive plants have given steel mills their largest orders. Their business last year ran to 850,000 tons, compared with 660,000 in 1934.

Austin, after a big year both at home and in the export market, has decided that it can't depend on steel deliveries from independents, and is putting up its own steel mills. Morris is planning the same thing.

Other automobile manufacturers are chary of vertical extensions like this, and will probably book ahead from the steel companies on long-term contract with adjustable prices. Even at last year's production peak of 400,000 cars,



RUSSIA'S MINES NEAR DANGEROUS BORDER—Moscow is worried over Japanese threats to Mongolia, because some of the Soviet Union's richest gold mines are near the Mongolian border.

Largest copper and lead reserves are in the Lake Balkhash region in Central Asia. The Soviets still import large quantities of lead and copper, but produce almost all the zinc they use.

Britain's output is small compared with that of the United States, where the total for last year was 4,000,000. There are no automobile plants in Britain which can afford to operate on the huge scale which Ford and General Motors have adopted in the United States.

Manufacturers expect naval requirements in 1936 to boost steel production to new high levels. It is difficult to get full details on this work yet, but foreign business is said to have been refused by some mills because of the rush of domestic business.

One vicious circle now occupying attention is the price position. In a protected home market, prices tend to rule too high for the export needs of eventual users, particularly motor car manufacturers.

It is possible that the new government may solve the coal and steel problems simultaneously by introducing special export bonuses both on raw materials and on the goods manufactured from it, after the manner of Germany.

Fight for Mongolia

Japanese capture of it would threaten Siberian gold regions. Soviets ready to resist.

OF all the tensions in the Far East, the most serious is one produced by the Russo-Japanese rivalry over Outer Mongolia.

This region is twice the size of Manchukuo, but fewer than two million people, all nomad Mongols, live in it. Much of it is dry and barren. The winters are bitter, and the short summers are extremely hot. Geologists say the country contains certain minerals, but they doubt whether the resources are extensive.

Ten Years Under Soviet

Though Outer Mongolia has never publicly renounced the sovereignty of China, the Mongolians have had a soviet of their own for the past 10 years, and have developed a close relationship with Moscow (*BW*—Nov 30 '35, p 30). Foreign trade has in the past five years begun to move north to the transsiberian railhead, rather than south over the old caravan routes to the trading centers at Peiping and Tientsin.

Engineering and Mining Journal has just published a new study of Soviet mineral wealth (see map) which helps to explain Moscow's interest in Mongolia. Along its borders are some of the most promising of the Siberian gold mines.

Within the past five years, Baley, Darasun, and Bodaibo have grown into thriving frontier mining towns, catering to the demands of a rush of young prospectors tempted into Siberia by

Courtesy Museum of the City of New York



Industrial Trails

Since 1799 this Bank has helped industry blaze new trails and has assisted in the development of the major businesses of America. The benefits of this broad experience are available today to its customers in all parts of the world.

BANK of the MANHATTAN COMPANY

New York

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Insurance Building, Omaha, Neb.

OMAHA BUILDING GIVEN THOROUGH RENOVATION

Webster Moderator System Helps To Round Out Modernization Of 8-Story Building

Complements Air Conditioning

Omaha, Neb.—If air conditioning of a large building is a likely eventuality, a Webster Heating Modernization Program affords a sound basis for the future, while allowing the owners to reduce current fuel bills and provide better heating service.

This ability of an adequate, well-balanced heating system to coordinate with and complement an air conditioning installation has been demonstrated in Omaha's eight-story Insurance Building, one of the finest office buildings in the West.

Complete rehabilitation of the Insurance Building, including installation of the Webster Moderator System of Steam Heating and the Carrier "Weather-master" System for air conditioning, was undertaken in the winter of 1934-35. The building, property of the Woodmen of the World, has approximately 100,000 square feet of floor space.

With the Webster Moderator System and Webster "Control-by-the-Weather," overheating and underheating have been reduced to a minimum and tenants receive maximum benefit from the air conditioning installation.

Before the modernization program was completed, the Insurance Building was 78 per cent rented, on three to five-year leases. Thus, in addition to reducing overhead, heating modernization and the general rehabilitation program have combined to make the building more rentable than at any time in the 47 years of its history.

In the Insurance Building, as in many large buildings, the heating problem was solved by retaining the existing plant, modernizing or replacing out-of-date equipment and applying effective Webster central controls. The J. J. Hanighen Company of Omaha acted as modernization heating contractors.

If you are interested in (1) improved heating service and (2) lower heating cost in your building, address

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Branches in 80 principal U. S. Cities — Estab. 1888.

promises of many of the luxuries still denied to citizens in more settled parts of the Soviet Union.

Further to the west, in the region not far from Lake Balkhash, the Soviets are concentrating on the production of copper, lead, and zinc. From the new Soviet railroads which have been built in this region to help exploit these resources, modern motor roads have been built to the Chinese border, and trade with the Chinese in western Mongolia and Sinkiang has developed into an extensive business.

Japanese control of Outer Mongolia might be the prelude to an invasion of Siberia and the capture of the mineral regions. The Japanese are strengthening their position in northern China by getting control of the railroads, which extend from Tientsin and Peiping almost to the border of Outer Mongolia, and by building new lines from strategic centers in Manchukuo to the Mongolian border.

In Moscow is a grim determination to prepare for trouble on any border.

Courting Moscow

France, long averse to Russia, now plans military cooperation.

PARIS (*Business Week Bureau*)—France and Czarist Russia were allies. People from no other country had larger investments in Russia than the French.

When Moscow signed a separate peace with the Central Powers and on top of this, repudiated all czarist obligations, France turned a cold shoulder.

France long ago recognized the Soviet Union diplomatically, but has stubbornly refused to renew the old friendship with the Russians. Trade agreements have been signed, but the French have never provided any credits with which to boost this business, as the Germans, for instance, have done.

A year ago, when the French felt that the British were making overtures to the Germans, and that Hitler was becoming an alarming menace to peace in Europe, Paris and Moscow framed a mutual assistance pact.

Paris neglected to consider ratification until last week, but had plans all drawn up in great detail to help the Soviets improve their fortifications, railroads, and highways in western Russia. It is the first time in 18 years that France and the Soviet Union have really been on intimate terms.

There are several reasons for this move by Paris. The Germans are threatening to rearm the demilitarized Rhine region along the French border. Berlin is demanding room to expand in central Europe, where France has guaranteed the security of Czechoslovakia, Yugoslavia, and Rumania.

Italy cannot be expected any longer to offer effective cooperation in protecting that area.

France sees in the Soviets' new army and air force, in their vast supplies of raw materials, and their new wealth of gold, a power which may be helpful in keeping Germany under control.

The Soviets see in France a welcome ally in a bitter struggle with Germany, a force which may help them if it is necessary to divide their armies between a front in western Europe and one in the Far East.

Speed and Luxury

North Atlantic liners abandon first-class label, shave upper rates.

SHIPS in the North Atlantic passenger service—the most competitive in the world—justly claim to be the swankiest, fastest, and largest afloat, but this week their owners voted that they were no longer to be known as "first-class."

After Feb. 24, all ships in the North Atlantic Steamship Conference, from the palatial *Normandie* down, will be known as "cabin" ships.

Cunard White Star forced the move. The *Queen Mary* is to be ready for her maiden voyage to New York at the end of May. Line officials insisted that she be registered as a cabin liner. There was an immediate protest from other conference members, particularly the French, who entered the *Normandie* as a first-class ship last year.

The dispute, of course, was over rates. First-class ships have had four classes of accommodations: first, cabin, tourist, and third. Beyond this, gradations were made according to age and speed.

Cabin-class boats were traditionally smaller and slower, and were not expected to have as luxurious accommodations. Their rates, accordingly, were lower.

About five years ago a batch of new cabin ships came along which somewhat exceeded traditional standards. The French Line built the *Lafayette* and *Champlain*. Britain rushed in with the *Britannic* and *Georgic*. And finally the United States entered the *Manhattan* and the *Washington*. All of them won reputations for swank, but the two United States liners had a slight edge on the others in speed and luxury and became tremendously popular.

The main change arising from the recent dispute is in nomenclature. Fares are being changed no more than is customary at the annual spring overhauling. The minimum cabin-class rates on the *Normandie* and the *Queen Mary* are expected to be \$268, instead of \$270, which the *Normandie* has been charging as a first-class ship. Tourist and third-class rates will not change.

Business Abroad

Britain starts huge rearmament program. France prepares for inflation. Soviets adopt western advertising methods to acquaint peasants with products of Russia's new factories. Japanese department store opens first Manchukuo branch. Canada reassures business.

THE drain of gold from the United States to Europe has stopped, but the dollar is still weak. The inflation fright in France is less acute, but the public is spending hoarded bank notes for stocks in preparation for expected devaluation.

Britain's open friendliness with the Soviet Union has encouraged France to go ahead with plans for closer military association with the Russians. In spite of new isolation, Germany is boldly demanding an early return of her colonies.

France

Signs of inflation multiply in Paris. Authorities are prepared to handle any emergency.

PARIS (*Wireless*)—The persistent weakness of the dollar, and the moderate influx of gold, have enabled the Bank of France to reduce its discount rate from 4% to 3½%. All money rates are easier after this action, and the forward discount on the franc has fallen.

Negotiations are continuing in London for a loan, but so far there has been no agreement on terms.

The Bourse is quieter this week. Fear of inflation is evident in the continued demand for shares and the steady weakness of bonds. Shares of Forges et Acieries du Nord et de l'Est, one of the biggest French steel companies, were quoted at 334 francs on Jan. 31, 1935, at 371 on May 31, 1935, and at 448

on Feb. 1 of this year. This is typical of the gains which most popular stocks have registered.

The best-informed authorities in Paris still believe that devaluation can be avoided until after the general election, but it is whispered among the heads of the largest banks here that officials of the Bank of France have had telephone conversations with Federal Reserve authorities in New York explaining that if any financial panic develops suddenly during the election campaign, the government will not hesitate to take control of capital exports.

This indicates that the French government is prepared to place an embargo on all capital exports in an emergency, entrusting the Bank of France with the task of maintaining the franc at its present gold parity through purchases and sales of gold and foreign currencies in a way similar to that practiced by the British and American equalization funds.

Shifting Responsibility

The political consequence of such a move would be to maintain untouched the problem of the parity of the franc until the new government, after the

elections, could make its own decision on the question of devaluation. In the meantime, the Bank of France would abandon its present passive stand and be technically in a better position to protect its gold reserve by acting in full accord with the two English-speaking governments.

Germany

New rapprochement between London, Paris, and Moscow is viewed with increasing alarm in Germany. Food prices are rising.

BERLIN (*Cable*)—The tremendous popular interest in the Olympic games, and the rejoicing over German victories, are in striking contrast to the growing official worry over the strengthening of the anti-German political front.

The most significant international developments in the eyes of Berlin are the new Franco-Soviet military alliance, the new rapprochement between London and Moscow, and the solidly pro-British attitude of the Balkan entente (embracing Greece, Yugoslavia, Turkey, and Rumania). All of these are the basis of serious discussions in Germany.

Pride and Prejudice

Chancellor Hitler, in his address inaugurating the fourth year of the Nazi régime in Germany, made it plain to Germans and foreigners alike that national pride, rather than genuine economic necessity, is behind the present campaign for the return of the German colonies. Germans are resolved to wipe out the "wrongs of Versailles." They thought the unsettlement in the Mediterranean made this an opportune time to press their case. It seems to have done more than anything else to reforge the iron ring of opposition to Nazi expansionist aims.

Mild weather is responsible for more favorable employment returns during January. Coal, steel, and machinery exports are beginning to show considerable gains, but prices are still depressed.

Year-end data covering retail business for 1935 show that food prices were up 8%, while shoe and textile prices were unchanged.

Great Britain

Government will spend \$20,000,000 a week on rearmament. Popularity of investment trusts creates Stock Exchange problem.

LONDON (*Cable*)—The business tone is good in Britain, but there is a strong undercurrent of fear this week over the foreign outlook.

The British are still afraid of trouble in the Mediterranean. Italy has told



GERMANY GETS READY—The next big show in Germany is the Leipzig Fair, which will open Mar. 1. Several exhibitions have been held, showing the growth of modern labor-saving methods in various lines. One big show was the agricultural exhibition, which drew thousands of visitors to the Berlin auditorium.

Egypt that she must pay indemnity for applying sanctions, since Egypt is not a member of the League. But Britain is Egypt's official guardian. Any attack by Italy on Egypt means war with Britain.

The government is expecting to spend \$20,000,000 a week for armaments as soon as the building program gets under way. A defense loan of \$1,250,000,000 is likely to be floated shortly to cover these new expenditures.

It is likely that London bankers will lend Paris enough money to meet the present emergency, but so far they have failed to come to any agreement on terms.

Chile Will Pay

British investors who hold large blocs of South American bonds are pleased with the new agreement by Chile to resume partial servicing of sterling bonds. They are aware, however, that Chile's new prosperity is largely based on huge sales of nitrate for rearmament.

Markets have been unsettled by a rumor that, Sir Henri Deterding, head of the vast Royal Dutch Shell oil interests, has predicted the price of oil will drop soon. Market experts are still looking for a further rise in the price of oil.

The disastrous fire at Elstree Paramount studios will cause only a slight delay in the production of new pictures, because other companies have already agreed to allow Paramount the use of their facilities until studios are rebuilt.

The popularity of investment trust shares has created a difficult situation here. An enormous volume of investment capital has gone into the trust shares, and the trusts are now bidding against each other for stocks for their portfolios. Stock Exchange officials are alarmed over what will happen if there is another slump and the investment trusts attempt to unload £100,000,000 of securities suddenly.

The Stock Exchange Committee, in its last report, said it could not deal with the situation, and asked for regulating legislation. Parliament is too busy to provide the necessary legislation just now, but the Board of Trade is drafting a bill which may be presented soon.

Canada

Government's program at opening of Parliament is reassuring to business. Trucks are regulated to aid railroads.

OTTAWA—Canadian business is to be allowed to achieve recovery in its own way. It is to be free for a prolonged period from government interference. This is not stated explicitly in the program which the Mackenzie King gov-

ernment has laid before Parliament, but it is clearly implied. The new government is obviously going to follow a middle-of-the-road course.

Plan for Nationalization

The most radical proposal in the program which the new government presented to Parliament this week is for nationalization of the Bank of Canada. The government declares that "the control of credit and the issue of currency are public matters of direct concern to every citizen." Although the legislation will not be prepared for some time, it is known that the intention is to have the government buy up at least the majority of the capital stock now held by private citizens in small lots, or deprive the stock of voting power.

Although this proposal is calculated to comfort financial reformers, Conservative business interests are in no way alarmed. They have good reason to believe that the government has no intention of adopting a policy of inflation. This administration, although Liberal in name, will be more conservative than the Tory government it replaced.

Two Moves Criticized

Two items in the Governor-General's speech to Parliament have produced disagreement in commercial circles. They have to do with investigations of a unit of the textile industry in Quebec, and an alleged monopoly in the anthracite coal trade. In both matters, Prime Minister Mackenzie King is adhering to policies he has pursued ever since he became leader of his party 17 years ago.

The textile investigation has been ordered because a large Quebec plant closed in midwinter, allegedly to influence government policy. The Prime Minister laid down the principle that in a situation of this kind, labor has a right to have its voice heard, and that where this right is not conceded voluntarily it is the duty of the government to intervene.

In the anthracite matter, a few large importers have already been heavily fined for combining in restraint of trade.

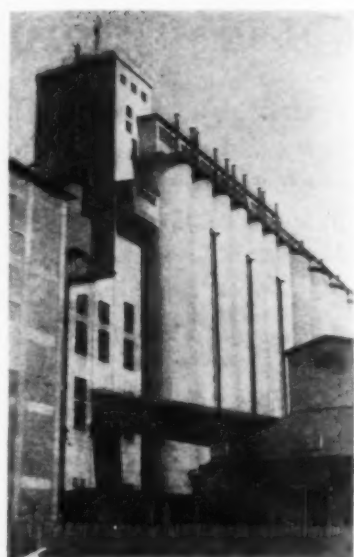
What's Ahead

Here are a few of the items on the legislative agenda which are of particular interest to business:

Administration of the Canadian National Railway will probably be removed from the control of the board of three trustees who have had almost complete authority, and returned to a much larger board which will be more closely under the control of the government;

A national commission will be appointed to handle unemployment relief; Wheat stocks will be sold at world prices;

Control over taxation and expenditures will be returned to Parliament after having been handled at times during the depression emergency by the chief executive;



IT MIGHT BE CHICAGO—But it's not. These grain elevators rise in Tashkent, remote and fertile region of central Asia, where the Soviets have ordered intensive development. Tashkent is far from war-threatened borders, will be very important if Russia goes to war.

Dominion broadcasting will be subjected to another parliamentary investigation. There is reason to believe that commercial broadcasting interests were able to persuade the government to give them another opportunity to make out a case for the return of broadcasting to their hands. It is thought here that the proposed investigation is more likely to lead to construction of a completely government-owned system.

There will be legislation to help the provinces financially if the local governments will submit their operations to supervision by the federal government. It begins to appear this week that the provinces are not going to need this help. Saskatchewan met a \$3,000,000 maturity without federal aid, and British Columbia hopes to manage a \$5,000,000 obligation itself this week.

Truck Delivery Prevented

Shipment of American goods into Canada by truck will be discouraged under a ruling just issued by the Canadian customs department. Until now the movement of trucks from the border to interior points has been facilitated by an arrangement whereby a Canadian customs officer boarded the truck at the border and convoyed it to its destination. Thus the goods were virtually in bond from the time they passed the border until duties were collected.

Henceforth, duties are to be collected at the border. Certain American interests were proposing to avail themselves of the old arrangement for the shipment of goods through Canadian territory

between Detroit and Buffalo. The new ruling is partly made in the interests of the railways.

Soviet Union

Moscow encourages style institutes and large-scale advertising. Soviets look to United States for model.

Moscow (Cable)—The change that is coming over the Soviet Union is one which alert foreigners cannot afford to ignore if they wish to understand a country which is rapidly pushing itself into the small group of nations known as "industrial powers."

Fashionable city clothes are fast replacing the traditional village garb among the Soviet Union's ninety million peasants. Factories in Moscow and scattered through the Ukraine are now producing enough dresses and suits to stock even the village shops. An increasingly large number of silk ties, starched collars, and felt hats are produced to meet the demand of menfolk, and there are crepe de chine dresses and trim leather pumps for women.

It is with direct encouragement from the Kremlin that "Style Institutes," recently established in the cities, are now organizing fashion exhibits in the villages. Designers advise farm women on the choice of colors and styles, and professional models show how to wear city clothes. Lectures on what the well-dressed woman should wear are reported to be attracting large audiences.

Stores Will Advertise

With the availability of more consumers' goods, advertising is the latest of the bourgeois arts to be adopted. Newspapers now carry advertisements of the new styles in women's dresses, or a complete list of the products ready for sale in the leading stores.

An extensive advertising campaign is about to be launched to create wider

internal demand for goods now produced in sufficient quantities to supply the entire Soviet market.

With this development, Soviet tradesmen are beginning seriously to study American advertising methods. Indeed, it will take clever advertising to teach Ivan Ivanovitch to appreciate canned stewed corn and breakfast cereals. Though these items have been on the Russian market in neat packages for more than a year, the Americans here are still the sole enthusiastic purchasers.

Critics of bourgeois life, in whose eyes, until recently, billboards and gaudy full-page advertisements were exclusively capitalist monstrosities, will be hard put to explain the changes now taking place.

The first 4,000 sedans of the ZIS model are being manufactured this year in the Stalin Automobile Plant at Moscow. These cars resemble the Buick. Until this year, only the Ford type of light cars had been manufactured in this plant.

According to a decree made public in Moscow this week, foreign firms operating in the Soviet Union will be subject to income tax regulations. This is an old law, but it had not been enforced. The tax rate is 4% of turnover, and it is payable in paper rubles.

Far East

Japanese department store plans first foreign branch in Manchukuo. Nipponese textile leaders will buy into North China industry.

JAPANESE industry is losing little time in spreading into the regions which have been conquered on the Asiatic mainland.

The Hiroshimaya Department Store Co. has announced that it is preparing to open a branch in Harbin, an important industrial center in north central

Manchukuo, which is about the size of Louisville. This is the first Japanese department store to open a branch in Manchukuo, but hundreds of small Japanese retail shops have been started in the larger cities of the new state, and a variety of Japanese novelties are on display.

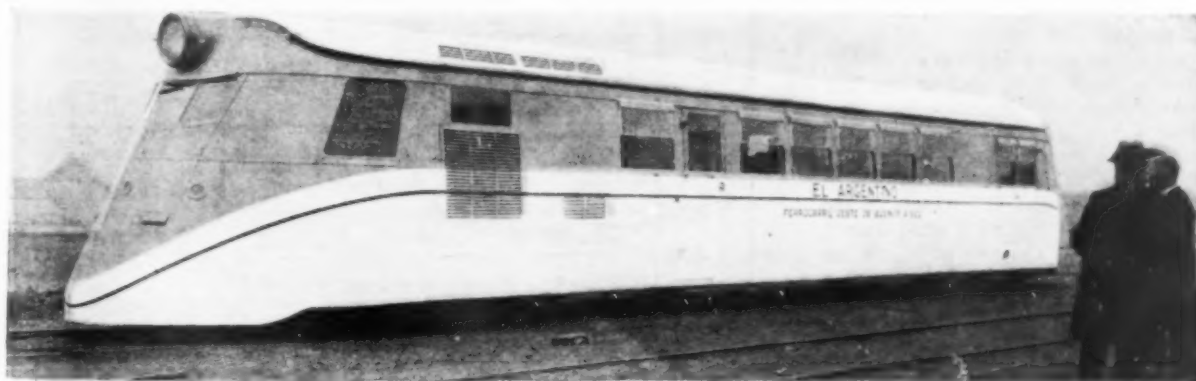
Three of the largest textile companies in Japan, headed by the powerful Kanegafuchi interests, are investigating trade possibilities in North China, where some of them already have mills. Wages are low in this region, and American staple cotton is grown. This supplements an earlier report that Japanese spinners resent operating restrictions which have been imposed at home, and feel that they may be able to capture new export markets with cheaper materials produced in mills operated in North China.

Brazil Cotton to Japan

Brazil has protested as vigorously as any Latin American country against lifting the restrictions on Japanese imports unless Japan will balance this business with purchases of Brazilian products. Japan has had a trade mission in Brazil recently, and the first important fruits of its work are now evident. At the end of January, a Japanese freighter sailed from Pernambuco with 1,900 bales of cotton grown in North Brazil. A second load is scheduled to leave for Japan on Feb. 16, and a third in March. Japan buys most of its cotton in the United States and in India.

Americans are benefiting from Japan's economic progress. Oregon lumber imported into Japan during the first 10 months of 1935 amounted to 433,896,000 board feet, against 365,418,231 board feet imported during the same period of 1934.

Libbey-Owens-Ford Glass Co. is reported preparing to double its investment in an allied company in Japan, known as Nippon Sheet Glass Co.



ALL THE WAY FROM ENGLAND—The British are hanging onto their business in Argentina, as a recent order for 30 of these diesel-driven railcars will testify. Getting into the country early and helping develop the transportation system, the Eng-

lish have maintained a policy of following local preferences, playing down styles more acceptable in Europe or North America. This car will do nine miles per gallon of oil, has reversible seats, can be driven from either end.

To the Man Who Controls a Business

Increased estate taxes raise serious questions for the man who owns or controls his own business. If an estate consists of one business, the need for cash to meet heavy estate taxes may necessitate a forced sale with consequent sacrifices, including loss of control. Improved market conditions afford an opportunity to forestall such situations, through enhanced marketability and collateral value resulting from wider distribution and listing of the securities on a recognized exchange.

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Quick Turnover

C.I.T. Corp. announces plan that lets small dealers borrow on cars traded in.

AUTOMOBILE bankers are giving car dealers a hand with their used cars. Last week the C.I.T. Corp., a unit of the Commercial Investment Trust Corp., announced a "Quick Turnover Plan" that enables even the smallest dealer to borrow on cars taken in trade-in. Financing for used-car stocks has hitherto only been available to the big distributors on a floor stock plan.

C.I.T. will lend a dealer of established credit a "substantial" part of the National Automobile Dealers Association's value of a single car, on a 60-day note that can be renewed for 30 days on a 10% reduction.

The plan is designed to relieve the working-capital problem of small dealers, whose profit on the sale of a new car rolls into the garage in the form of a used car. Good sales of new cars during the winter months, when demand for old models is low, have made the situation especially acute this year.

New low-financing rates and long-term payment plans that have been provided by all the finance companies on new cars have not been adapted to used

cars, but the leading finance companies have cut rates and permitted more than the "standard" 12 months' payments on late-model used cars.

The "\$25 a month" and "6%" plans of new-car financing have, in fact, increased sales resistance on higher-priced

used cars, which frequently call for greater down-payment and higher instalments than new cars eligible for the easy-financing terms.

Which Came First?

Did walls fall before fire started? Hiram Walker sues insurance companies on that question.

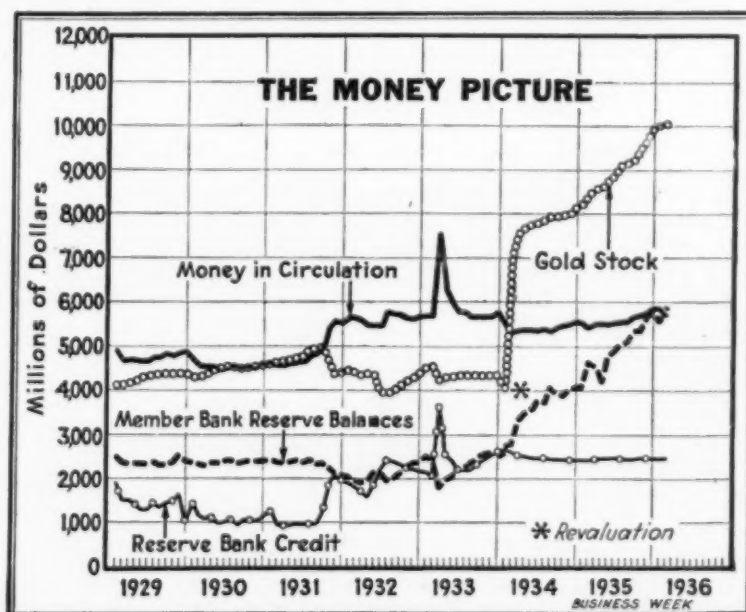
AFTER six months of argument, the question whether Hiram Walker's big Peoria fire of last July was an insurance or a company loss is still unanswered. Last week Hiram Walker & Sons, Distillers, Inc., filed suit in Chicago to collect \$2,931,502 from 13 insurance companies.

The loss, one of the heaviest fire losses of 1935, was \$2,574,162 on whisky and \$357,340 on buildings and equipment.

The standard insurance form on whisky rack-warehouses is one in which fire coverage immediately ceases on a building and its contents if the building, or any part of it, falls, except as the result of fire (BW—Aug 3 '35, p10). In the Peoria fire the insurance companies asserted that the warehouse, a new one built on filled land, started to collapse before the fire started.

Insurance companies usually favor the insured where there is any doubt. But the Hiram Walker fire was too expensive to shrug off in this manner. Besides, the insurance companies were a little tired of whisky warehouse fires, having paid off on three big ones within a year.

Hence the distillers and the 13 insurance companies, members of the Western Factory group, decided to let the courts decide this time.



Money and the Markets

LAST week when gold was shipped out of the country the movement was at least something new and different. But this week when the outward movement continued in a modest way, the novelty had worn off, and as a subject for financial concern the shipments fell even flatter than last week.

Bankers are hoping the gold loss will continue, to help out with our flabby bank reserve condition, but they have little confidence that it will. Currencies of the foreign countries to which the metal is destined are selling in the exchange markets at much cheaper dollar prices in future contracts, suggesting that the dollar weakness is distinctly temporary.

None Other

The sprightliest item of the week, for a financial community whose inflation appetite is jaded by the weak ingredients of the existing mixture of dope, came from California. In the Superior Court of San Jose, during testimony being offered by Stanford University on a plea for permission to trustees to broaden the investment regulations of the endowment, up rose none other than former President Herbert Hoover as a star witness.

Mr. Hoover, a Stanford trustee, explained to Judge William F. James that with devaluation of the dollar, bank credit inflation, and rumbles of possible currency inflation abroad in the land, it would be well for trustees of endowed institutions existing on fixed incomes to have some defense against the potential threat of shrinking purchasing power of income. Hence, Stanford trustees would appreciate permission to put some of its \$24,000,000 into common stocks and real estate as an inflation hedge.

The plea made a nice bit of news for the stock market and was sufficiently influential to stir up a moderate rally in equities. In addition it reminded stock market people that what Stanford wanted to do has already been done by

some other institutions similarly fixed for income and also on a smaller scale by many of the individuals who are these days buying stocks and farms and city lots.

It is a good idea and pretty widely known by this time. The only trouble is that a real inflation scare needs fireworks and furor, and there is a pretty definite lack of enthusiasm just now. Particularly with the Administration making conspicuous conservative gestures and with a tax bill, if only an inadequate one, coming up.

Finance Log-Jam Loosens

The expected break-up of the new financing log-jam is approaching, and bond people are confident that the flow will pick up quickly from here on. Registrations with the Securities and Exchange Commission are substantially heavier, and since the waiting period before SEC approval of prospective issues is 20 days, current registrations would normally land the new offerings in the public market early in March. Observers are still inclined to bet that March will come near being top month so far for total SEC registrations.

The marvel of the year thus far in the listed bond markets is the irrepressible railroad department. Both first- and second-grade issues are in the forward part of the parade, but the lower-priced bonds are naturally injecting sensations into the whole performance. Wall Street explains the sizable advances in rails by concluding that railroads have

their worst headaches behind them, that with better business the carriers are bound to get more traffic, and that rail bonds selling at good discounts are about as natural a target for eager money as the stock list.

A significant commentary on the municipal bond market was the sale by New York City this week of bonds carrying 2½% coupons, the lowest coupon rate that city has seen since 1888. A total of \$19,500,000 bonds were sold at a net interest cost to the city of only 3.076%.

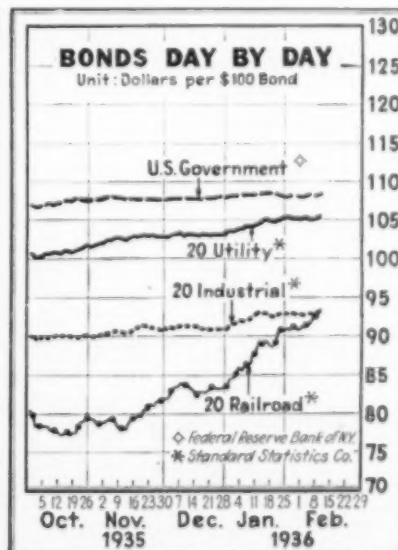
Treasury Is Happy

Government bond people are happy about the way a number of things have turned out recently. They got braced for a new issue to finance the bonus but it was postponed and spread out so that little market repercussion is now expected. An expected February financing for general Treasury purposes did not materialize and none is scheduled before March. Undersecretary of the Treasury Coolidge's resignation was not liked but a good man is going in to take his place as contact man between Wall Street and Washington.

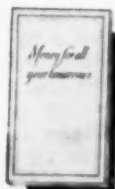
There wasn't much selling on the bad news as it came along but when sellers tried to replace holdings they found out that prices moved back up easily.

New York and Chicago banks have been big Treasury bill buyers. Chicago banks usually load up at this time of year with tax-exempt securities to sell to big depositors over the April 1 local tax-assessment date. The extra demand for bills has advanced prices on some maturities to a point where there is no yield. All the banks have been picking up guaranteed obligations of government agencies but they show little interest in longer-term direct obligations except for an occasional switching to adjust maturities in their portfolio.

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For those who—

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BUSINESS WEEK

330 W. 42nd St., New York City

ing this week for the first time since the Banking Act of 1935 shuffled the Federal Reserve Board, practically repeated its advice of last November that something be done about the more than three billion dollars of excess bank reserves. In November the council suggested that either the Federal Reserve Banks sell government bonds or that reserve requirements be increased, preferably the former. The council is still afraid of inflation. Odds are heavily against acceptance of the advice. The Administration wants neither action.

Wheat Markets Droop

The domestic wheat market is merely a tag-along affair drifting in the wake of the Canadian market. Canada is disgusted and disappointed at the reluctance of Europe to buy wheat at prices which are well under the level which the Canadian grain board guarantees to the farmer. And when Winnipeg droops dispiritedly, Chicago does likewise, for the margin between the two markets could not widen materially without creating a flood of imports here.

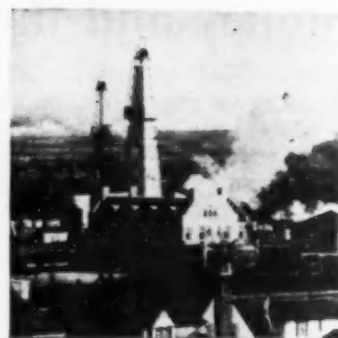
Basically the trouble with wheat prices is the sudden popping up of a number of unexpected selling sources. Portugal, for example, began selling wheat overnight. France continues to offer a trickle of export wheat, and even Germany is on the selling side in a small way. All these countries were formerly in the import column, hence their appearance as sellers has been a shock.

One more trouble is that when Argentina raised its minimum guarantee to farmers, and effectively threw itself out of the export market, Canadians got a little too exuberant and in addition to making good sales abroad, exporters took on a speculative load which hasn't worked out well. With these troubles weighing on Winnipeg, and with Chicago leaning heavily on Winnipeg's price level, the disaffection on our side of the line is natural.

Rush to Stay Away

The Securities and Exchange Commission is wondering how much business is going to be lost in foreign bonds when the permanent registration time limit is reached March 31. Technically the last call for foreign registrants passed this week, but the commission is not holding applicants strictly to the 30-day examination notice. It will not, however, extend the March 31 deadline, according to the present understanding.

Thus far little more than one-third of foreign bond issues on the New York Stock Exchange have filed for permanent registration. About 60 countries are unheard from. Unless there is a fair rush of applications before the deadline, both the SEC and the stock exchange will be unhappy about the affair, inasmuch as the foreign bond listings cut a nice figure in bond trading revenue.



RIGHT UNDER THE PARLOR—
Oklahoma's governor, E. W. Marland, who lives in the large residence shown here, may have to move soon; the oil men say that a pool is under the house, waiting to be tapped. Directly behind the building is Piersol gusher, and a well will be sunk obliquely under the mansion.

Last year the reported sales of all foreign bond issues on the New York Stock Exchange in dollar par value totaled 375 million dollars, more than half the comparative total for United States government issues and more than 10% of all bond sales.

At Washington, Chairman Landis of SEC was busy telling Congress that abolition of unlisted trading privileges on stock exchanges would probably put a lot of the exchanges out of business, including the New York Curb. He added that SEC wouldn't care for any such occurrence. SEC would like to see all unlisted securities dealt in on the exchanges. They would be easier to shepherd that way.

Crown Cork Switches

An item reminiscent of the good old days bobbed up in the financial grist last week. It recalled the time when corporation activities teemed with plans and counterplans of expansion, specialization, experimentation, etc. The item announced Crown Cork & Seal's decision to divest itself of Detroit Gasket & Manufacturing Co. and to purchase all the issued and outstanding stock of the Acme Can Co., a Philadelphia concern.

The switch takes Crown Cork away from the automobile business and for the first time into the manufacture of cans, a type of article it has frequently capped and corked but never made. Detroit Gasket will continue under the Diehl management, which has been unchanged since organization, despite the absorption of the company in 1931 by Crown Cork.

Through Acme Can, Crown Cork will enter the beer-can field and thereupon have a foot on each side of the beer can and bottle controversy, since it already manufactures a patented crown for beer bottles.

Editorially Speaking—

THE Rev. C. H. MacVey, of Canton, N. Y., is a Presbyterian minister and a dairyman. Dairyman from seven states got together recently to smooth out their difficulties. "I've been through the Philippine War and the World War," said the Rev. Mr. MacVey, "but I never met up with anything like the dairy business." For the sake of his sanity he'd better keep out of coal and oil.

AMBASSADOR SAITO of Japan is trying to take in too much territory when he makes speeches in the United States applauding European dictators. Diplomatic usage allows him a free hand in explaining and defending the policies of his own government, however bellicose and dangerous they may be. When he goes beyond that and tries to convert Americans to an admiration for the men who have gained power in Europe by gangster methods and are preparing a second and even more disastrous world war, which may engulf the United States, he should be advised that he is overstepping.

OVERHEARD at the miners' convention, after John Lewis' salary was raised from \$12,000 to \$25,000: "Well, I don't care, I'm still strong for Lewis. He's a real leader, he's got what it takes." "Sure! And now he's got \$13,000 more of What It Takes!"

There was so much talk of this kind from so many of the delegates, who opposed the raise but were defeated by a gavel-using chairman, that Mr. Lewis next day announced he wouldn't accept it. But it's waiting for him any time he changes his mind, as he probably expects to do.

It must have been a slip of the tongue when J. P. Morgan said there were about 30,000,000 families in the American leisure class, which he defines as all those who can afford to hire a maid. There are only 31,102,680 families in the United States (1935 figures). Even if he meant 30,000,000 people he was wrong, for that would imply some 7,000,000 families, and it's doubtful whether more than 1,000,000 families have any servants.

Families who can afford to hire a maid are not a leisure class, since the maid is usually paid out of money currently earned by members of the family. The leisure class consists of those people who do little or no work and have a comfortable investment income.

W. E. WHIPP, president of the Monarch Machine Tool Co., of Sidney, O., and chairman of the marketing committee of the National Machine Tool Builders Association, has started an innovation

which some of the other members of the association believe is good enough to copy. Each machine leaving his factory has a plate attached to it, showing its cost. The object is to make the worker respect his machine and do better work with it.

WILLIAM B. FELTS, a Kansan who is said to live on his Spanish-American War pension, wants to go to Congress but doesn't want the salary. Instead he insists on being allowed to pay \$250,000 into the Treasury, and so he has put up a check for that amount, signed by his brother, an auctioneer. Evidently his brother doesn't expect him to win.

WE'VE heard of fore-and-aft schooners and prairie schooners and schooners of beer, but a nudist schooner is something new. Twenty nudists insist on sailing to the Virgin Islands. They're not wanted there. Possibly they've got an island of their own somewhere, and how would they like it if the Virgin Islands took revenge by sending 20 virgins to the nudist island?

It's 44 years since the receiver of the Newark Savings Institution announced that he was able to pay off all depositors, and now the third receiver is still waiting for 9,553 of them to claim their money. Their negligence is probably accounted for by the fact that the whole sum, including interest, only amounts to some \$26,000—less than three dollars apiece.

GOV. LANDON is now more than ever the leading Republican candidate. He has a strong chance of winning the nomination in a very few ballots. If he fails, the convention will probably compromise on Sen. Vandenberg or some other shy flower.

POLITICIANS are superstitious. They incline to the notion that political lightning strikes twice in the same place. Gov. Landon is touted as "the Coolidge of Kansas," and the politicians may remember that his prototype, Calvin Coolidge, soundly defeated Franklin Roosevelt.

WE had lunch yesterday with a young man who is on a dyspeptic's diet. His eyes were desolate and from time to time, between intakes of milk and toast, he gave a heartrending sigh. "What is the matter?" we asked anxiously. "What is wrong? Maybe something can be done."

He laughed hollowly. He was trembling. "Elihu Root," he whispered, "is 91 years old this week and can still eat broiled lobster!"

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FEBRUARY 15, 1936

Lending and Spending

President Roosevelt's cancellation of unused lending authorizations should be merely the first step in a genuine retrenchment program. It may be pleasant to hear that some lending agencies are not going to lend money which it was already well known they were not going to lend. It would be not only pleasant but valuable if the President absolutely stopped the various lending agencies from taking any more money out of the Treasury or from pledging the government credit. It would be better if they gradually liquidated most of their outstanding loans, put the money back in the Treasury, and started reducing their contingent liabilities.

Moreover, the Administration should reduce not only its lending but its spending. The rate at which the deficit is growing should be cut down.

A large number of lending and spending agencies were set up in 1933 and afterwards to deal with the emergency. There is no way of defining just what constitutes an emergency and when the emergency is over. But it is evident that conditions are vastly better than they were when these agencies were established, and certainly in some fields there is no longer any emergency that justifies the federal government in taking over the functions of private industry, business, and finance.

The task of pump-priming, which was so much emphasized in 1933, has mainly been accomplished. In some cases the pump-priming has been obviously helpful and in others it has achieved nothing beyond a waste of government money. But whatever its merits may have been in the past, it offers little hope for the future. With few exceptions, the agencies that were established for this reason have finished the main part of their job and should survive merely for liquidating purposes.

As the lending agencies get out of business, they will allow the banks to make more use of their excess reserves. Business will turn to the banks for funds because the government is slowing up its own banking operations and because the decrease in government spending—if it occurs—will increase confidence and make business more willing to expand and to incur productive indebtedness.

For the same reason, the banks will

be more confident of the future of business and of their own future, and will be more willing to advance the funds that business will need.

In every part of the country, the business community is convinced that business will improve, in spite of handicaps imposed by the New Deal. Nothing could encourage business men more than a reasonable expectation that those handicaps will be diminished, allowing the improvement to proceed at a quickened rate.

If the policy of cancelling unused lending balances is applied on a large scale, the government's credit will improve. If the lending agencies begin to liquidate and if the spending by various agencies is appreciably reduced, the budget will be brought nearer a balance. That would immediately stop the inflation threat. The President is against currency inflation. The way to make sure that it is prevented is by cutting down the lending and spending.

Stopping Gov. Olson's Misuse of Power

Some queer things have been happening lately, and one of the queerest is the means employed by the governing authorities in some places to stop violence in labor disputes. When an employer insists on keeping his factory in operation during a strike, they argue that the open factory is provoking violence. The conclusion is simple. Shut the factory.

Gov. Olson of Minnesota acted on this interesting theory in the case of the strike at the Strutwear Knitting Co. in Minneapolis. The pickets were violent and so the governor sent the militia in and shut the plant. Three federal judges in Minneapolis have terminated this gross misuse of authority by issuing an injunction against the governor. They have properly characterized his rea-

soning as absurd, and his conduct as inciting the mob to exalt itself above the Constitution of the United States.

The decision is particularly valuable because Gov. Olson's policy is being tried out elsewhere. Milwaukee, for example, has passed an ordinance for shutting down a place of business when mass picketing occurs after an employer has refused to bargain with a union. The courts should be quick to stop such flagrant perversion of governmental authority.

Authority for Men Who Deal with Labor

It is probable that we have entered a period of several years during which the labor problem will be acute. It should be dealt with as expertly as any other department of business. Most of the great corporations have established personnel divisions under the command of able men, who, however, in too few cases have been admitted to the inner councils of the management. And in many sizable corporations the personnel division has been glaringly neglected.

The results are often costly. "I know one industry," we are told by the executive director of one of the largest and most conservative employers' associations in the country, "that suffered a loss of approximately \$250,000 in a strike of a few weeks' duration, yet refuses to spend a paltry \$10,000 a year on an intelligent labor relations program. Labor relations work is a science and some day employers will awake to that fact. When they do they will seek and find, or train, men of large vision, understanding hearts, and real administrative ability, and place exclusively in their hands all of the complex problems that enter the question of employer-employee relationships."

When that day arrives, employment offices will no longer be mean little shacks at the factory gate, where a new employee starts out with unfavorable impressions of his employer. And management will no longer make grave decisions on wages and working conditions without previous notice to the personnel man, who now too often must appease unrest that has been unnecessarily aroused.

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